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President: Mr. Leopoldo BENITES (Ecuador).

*Address by Mr. William R. Tolbert, President of the
Republic of Liberia*

1. The PRESIDENT (*interpretation from Spanish*): On behalf of the General Assembly, it is an honour for me to welcome and to introduce His Excellency Mr. William R. Tolbert, President of the Republic of Liberia.

2. I now invite President Tolbert to address the Assembly.

3. Mr. TOLBERT (President of the Republic of Liberia): The opportunity for me to address this special session of the General Assembly of the United Nations is notable and historic for two principal reasons. Not only is it the first occasion afforded for me to speak at this forum, but the significance of this occasion is equally merged, in a very special way, with the wider significance of the cause of world development, progress and security, which this session is designed to promote.

4. We extend our appreciation to Mr. Houari Boumediène, President of the Revolutionary Council and of the Council of Ministers of the People's Democratic Republic of Algeria and current Chairman of the non-aligned nations, for his wisdom, foresight and commendable initiative that have resulted in the convening of this special session, which we hope will address itself appropriately and realistically to the pressing economic problems that now face the world. We congratulate him for the keynote presentation, profound and extensive in scope, which he so ably made this morning in the Assembly [2208th meeting].

5. We must here express the deep regret of the Government and people of Liberia for the great loss sustained by the Government and people of the Republic of France, in the recent passing of President Georges Pompidou, an enlightened and objective leader, who undoubtedly made significant contributions in shaping the destiny of many peoples and nations of our world.

6. In the midst of the grave concerns which have brought us to this place, we are pleased that the deliberations of this special session will be guided and directed by Leopoldo

Benites. Mr. President, your experience, your renown for tact, your reputation for good judgement and sober objectivity, combined with your sense of impartiality and deep concern for the success of this Organization, and for the peace, progress and security of our one world, among other qualities, all make you eminently qualified to conduct these deliberations in a manner that will ensure the optimum success of the session and maximum benefits, not only for its participants but for all mankind.

7. Never before have world issues been more delicate and acute, more challenging and more demanding of positive action than they are today. Within this context, the responsibilities of the Secretary-General and the special role of the Organization at this session should be correspondingly altered in scope and intensity.

8. Now we pause to pay a special tribute to Secretary-General Kurt Waldheim, whose tireless efforts in the interests of promoting goodwill, understanding, peace and progress among all nations have secured for him a permanent place in the history not only of this Organization but of the entire world.

9. During the Secretary-General's recent tour of Africa, undertaken primarily to assess the distressing conditions existing in the drought-stricken countries of the Sahelian zone, we were pleased to have been able to engage in meaningful discussions with the Secretary-General regarding these urgent problems. We were in agreement with him that all the nations of the world must take even more positive and effective actions to rescue the economies of the afflicted countries and—what is of supreme importance—to save the precious lives of these victimized peoples.

10. In addition to the preservation of world peace, which has been recorded during the period of the Organization's existence, just under 30 years, we are convinced that the United Nations continues to represent man's earnest and highest hopes and aspirations for a new world order based on peace, security, equality, justice and human dignity for all men and nations.

11. Most unfortunately, these hopes and aspirations have been distressingly unfulfilled, for peoples of Africa remain subject to racism and colonialism. Rejecting every rational appeal to join with Africans in building free and independent societies based on the cardinal principle of "one man, one vote", the South African racist Government, the rebel Smith régime and the Government of Portugal have instead persistently denied these African peoples their most fundamental and inalienable right to self-determination, freedom, equality and human dignity. These practices are contrary to the provisions of the Charter of the United Nations and

contemptuous of the wishes of the great majority of mankind, as expressed in various resolutions of the General Assembly and the Security Council.

12. Moreover, the people of the infant Republic of Guinea-Bissau, who, after a long, arduous, self-sacrificial and heroic struggle declared themselves a free, independent, democratic, anti-colonialist and anti-imperialist nation, nevertheless remain engaged even now in a great battle to consolidate their hard-won independence by repelling the aggressive attacks of the forces of Portuguese colonialism.

13. I therefore address an appeal to all peace-loving nations gathered here to render to these peoples of Africa, now engaged in a great struggle, such moral and material support as would assure for them the basic freedom to which they are entitled in common with all mankind.

14. Because of our grave concern for the preservation of human life and for the establishment of international peace and security, the Government and the people of Liberia have welcomed developments in the Middle East recently which have given rise to the most fervent hopes that at long last an enduring peace based on justice can be realized. We must all feel heartened by the fact that the United Nations has once again demonstrated its value by assuming a pivotal role in bringing about a cease-fire in the October war and by assisting both in the convening of the Geneva Peace Conference on the Middle East and in the formulation of an acceptable understanding for the disengagement of forces in the Sinai peninsula.

15. We especially applaud those champions of peace who, through strenuous and impartial efforts, are playing a noteworthy and most effective role in aiding the arduous and vital process of ensuring the realization of a just and lasting peace based on justice in the Middle East.

16. It is our fervent and firm belief that only by negotiation in a spirit of goodwill, patience, reconciliation and tolerance can an enduring peace based on justice be realized. History has shown that the peace which the nations and the peoples of the Middle East so richly deserve and should enjoy without further delay cannot be attained through armed might. A quarter of a century of war and wanton destruction of life and property has in every instance in the past bred only more war and more destruction.

17. Consistent, therefore, with the provisions of Security Council resolution 242 (1967) the withdrawal of Israel from illegally occupied territories and the full recognition of the legitimate rights of the Palestinian people and the granting of those rights are indispensable steps for the creation of that atmosphere of trust and goodwill which would in itself be so conducive to further progress in the establishment of a just and lasting peace in the Middle East. It is accordingly our hope that an agreement for the disengagement of military forces will shortly be reached between Syria and Israel, so that the transcendent hopes of the peace-loving nations of the world for a permanent peace based on justice in the Middle East may become one step closer to fruition.

18. Since 1945 the world in which we live has undergone tremendous changes, producing both advantages and disadvantages. The membership of the United Nations has more than doubled since the San Francisco Conference and has included the admission of a new category of nations the political and economic destinies of whose peoples had traditionally been determined by other nations.

19. These new nations are now, in the fulfilment of their own destinies and aspirations, rightly demanding a richer and fuller life. In fact, all mankind is entitled to this richer and fuller life. Changed circumstances have brought about the need for relevant approaches to the problems which these new circumstances necessarily create. In spite of this situation, the United Nations, although structurally unchanged, is in many ways constrained to assume an appropriate role to meet the exigencies of the time.

20. Even though the framers of the Charter may have perceived the role of this Organization as being primarily concerned with the preservation of international peace and security, the Charter itself does recognize the intimate relationship between the establishment of peace and the elimination of poverty and human suffering. Events during the past 28 years have confirmed the evident fact that the world is divided into the conspicuously wealthy and the abjectly poor. This unfortunate and distressful disparity between the "have" and the "have-not" nations will make it impossible for us continuously to enjoy the benefits of international peace, harmony and goodwill. We are convinced that it is very appropriate, timely and indeed consistent with the high principles and objectives of the General Assembly at this special session to find, through serious discussions at such a crucial time as this, a new formula designed to forge the appropriate international economic structure which would ensure to mankind a more equitable and fair distribution of the wealth of our one world, a more balanced world economic development, and international security.

21. In an attempt to achieve this, the United Nations has a significant role which it is now called upon to play—indeed, a great responsibility to discharge. It is on this account that a new strategy has to be found to establish equilibrium in international economic relations, which have recently been dramatically upset by sudden changes in the control, marketing and distribution of critical natural resources.

22. Until recently, changes in world economic relationships have been gradual or evolutionary as a result of natural gains and losses in national and corporate super-Power structures. As a result, what seemed to be alignments were forged, thus dividing the nations of the world into industrialized countries and developing nations. Within this framework, relationships between the two groupings permitted the developed nations, with their control of technology, industries, and of national and international financial institutions, to exercise undue influence over those countries possessed only of some raw material resources.

23. The choice which faces us today is not new, even though the circumstances may be different; but the impact of the present situation demands a positive, urgent and reasonable response. Primary-resource-producing nations,

for a period of more than a decade, have been demanding equity in their economic relationships with the industrialized nations; but their just appeals have gone virtually unheeded, and their concerns ignored.

24. Out of various international conferences and special organizations have emerged the Charter of Algiers,¹ resolutions of the United Nations Conference on Trade and Development [UNCTAD], the Georgetown, Lima and Algiers Declarations, among other challenging pronouncements on international growth and development. The General Assembly's own resolutions proclaiming the First and then the Second United Nations Development Decades have been adopted. Sensing in this process of economic interaction the missing links of co-operation, third-world nations have urged upon the developed world such propositions as: a greater flow of financial resources and of realistic development assistance into the third world; a fundamental improvement in the terms of trade relationships and in accessibility to markets; an effective participation in the reform of the monetary system and in the international market structure; a greater availability of capital goods and technology on more acceptable conditions; the paying of urgent special attention to the problems of least-developed nations; a larger share of participation in shipping and related maritime activities; and participation in decision-making processes which have an impact upon all the nations of the world, thus causing both industrialized and developing nations to become totally involved in producing a wholesome functioning world society.

25. More recently, the nations of the third world have been insistent upon maximum participation in the recovery, development and marketing of their natural resources. They have been perceptive in their assertion that maximum participation is contingent upon maximum respect for their unimpeachable sovereignty and statehood. And they have been reasonable in their consideration for elevating the standards and quality of human existence.

26. It is therefore in the face of these circumstances which have come upon us that third-world countries must share equitably in the process of realigning international relationships necessary to cope with current world specifications.

27. If this special session is destined to achieve the same quality of response as has been forthcoming from all the foregoing meetings and "paper" declarations, then I doubt that our coming here will have been worth the effort. But if this Assembly would in a concrete manner address itself to the pressing issues of organized global development today, then, as participating countries, we must all stand determined to elevate and to reshape that process, which is necessary to translate into evident reality the collective will to accommodate.

28. The world is now witnessing a dramatic and powerful reaction which is occasioning a new realignment of economic relationships. As a corollary, that cumulative reaction is leading to massive transfers of international financial resources from the traditional areas of the world to new

areas. It has revealed the evident fragility and vulnerability of the economies of traditional power centres that have been brought forth. The consequences of this change in the original power configuration are not now fully predictable, and will vary in intensity and effect from one region or grouping to another.

29. Indeed, while the developed nations may be economically strong enough to bear the brunt of absorbing the effects of the crisis, the developing nations outside the new financial control centres are bound to suffer irreparable reverses if an adequate response is not made to their concerns.

30. Moreover, in the process of absorbing the effects of this crisis, the developed nations will invariably transfer a substantial portion of the burden back to the developing countries in the form of higher prices for their goods and services, including the cost of their inflation, thereby causing the developing nations to sink even deeper into the quagmire of economic retardation. I feel compelled to sound a note of warning to all of us concerned in the process of establishing new economic relationships: that, should the situation occur where an unbearable share of the financial burdens is passed on to the developing countries and, as a consequence, the cost of critical commodities is increased and, correspondingly, the cost of goods and services continues to escalate, the vicious cycle that would ensue could only end in a world recession or a global confrontation. This potential danger, by all means, ought to be averted.

31. If poor nations are to survive, and if an ever-spiralling world inflation is to be arrested, it will be absolutely necessary for appropriate measures to be taken, measures that would ensure the more rational utilization of the world's excess financial resources in order that the world's developing countries would achieve planned and orderly economic development, which in time should result in a lesser degree of economic dependence.

32. To achieve that, goodwill, mutual respect, human understanding and realistic international co-operation are indispensable. Equally important is the concrete role the United Nations must assume in marshalling that form of international will which is essential for practical remedial results.

33. In the past, developed nations have in one form or another made available to developing countries some of their excess financial resources, and that has to some extent assisted in the global development process, however irregular and inadequate it may have been. The massive transfer of those financial resources to new centres is, it seems, fast eroding the excess supply available to the traditionally rich nations, thereby either reducing or curtailing their inclination and apparent capability to release such funds to developing nations in the same magnitude. That, of course, should not be the case.

34. Unless reasonable measures and attitudes are adopted by the new financial centres to assume part of that role, the development of poor countries will be seriously jeopardized. That is an essential factor which must be taken into account, not only in determining the respective roles of the

¹ See *Proceedings of the United Nations Conference on Trade and Development, Second Session*, vol. I and Corr.1 and 3 and Add.1 and 2, *Report and Annexes* (United Nations publication, Sales No. E.68.II.D.14), p. 431.

developing countries and the new centres, but also in maintaining the delicate balance and the sense of responsibility inherent in a new economic world order.

35. We must reasonably call upon the industrialized nations, which have over the years received substantial benefits from developing countries in the form of raw materials supplied at inequitable prices, to continue to co-operate meaningfully with international financial institutions such as the World Bank group and with other, national, institutions engaged in concessionary financing. We must also call upon them to modify some of the undesirable restrictions in respect of the procedures for affording financing to the developing countries in order that the rate of development and growth in less developed countries may not become stagnant. In like manner, we must call upon members of the Organization of Petroleum Exporting Countries [OPEC], which are now recipients of substantial portions of international financial resources, to give timely support to these institutions, thus enabling them to carry out the mandate with which they are charged and to execute the purposes for which they were founded.

36. We happily note that leaders of some of the oil-producing countries have taken the initiative to provide facilities to finance development in non-oil-producing developing countries on concessionary terms. While we appreciate that very greatly, we feel that the magnitude of the commitment should be at least commensurate with the financial burden developing countries are now bearing.

37. We would hope that this special session can be further regarded as another demonstration of continued political solidarity among developing countries and, equally important, as an expression of sincere concern for increased international co-operation based on moral principles that must be exemplified by all the nations of our one world. Indeed, this session affords an opportunity to present the realistic concerns of the developing countries, which should be responded to by the developed countries on the basis of equitable and enlightened political considerations, and to emphasize the new countervailing power of increased pressure from the developing countries themselves through control over the supply of any critical commodity and raw material resource.

38. We believe that this session can, further, offer the opportunity to emphasize to the industrialized countries that, despite the determination of the developing countries to change the international power structure in a manner more favourable to their progress, development and security, they may prefer to follow constructive rules designed to promote a better balanced international development process. For there is a brighter prospect now, in shaping the framework for international redistribution of power and resources, of reflecting faithfully the more comprehensive objectives of global development programmes. If we can all bring ourselves to accept the present crisis we are facing as a natural though difficult long-term process, we need not be apprehensive about it. But we should without delay commence the task of restructuring the world balance in a more collected, rational and dignified manner.

39. Of course, the development of a new power structure is not a painless process. The international strength of any

one country can be determined only by testing it against that of other countries. Hopefully we have advanced beyond the historic phase where the main test for a country's strength was the battlefield. Now we tend to measure each other's strength by economic interreactions. That, as a rule, should be a more constructive course.

40. There are several factors which can influence the reconstruction of a progressive world order. One of the decisive factors in economic activity is the location of production units. Various proximity criteria have in the past guided the selection of industrial production sites—such as, for example, proximity to markets and sources of labour. In view of the additional consideration of energy and of raw materials as constraints on industrial production, geographic proximity to these two factors of production can be expected to gain considerably in significance. Often, proximity to energy and raw materials would also be combined with proximity to labour. In these circumstances, it would be rational to transfer certain stages of industrial production to areas relatively closer to the supply of energy, raw materials and labour and where pollution costs are not so high.

41. A further essential factor of production is the determination of a fair formula for foreign investment. For development and growth oriented economies, particularly those in the early stages of development, that factor can be of overriding importance. In the new era of restructuring international economic power relations, a further dimension is added to the importance of this factor. Advanced technology makes it possible to devise substitutes for natural raw materials and even for sources of energy, and, if excessively pressured, the developed countries might be compelled to search for substitutes rather than to transfer production capacities to developing regions having natural sources of energy and raw materials.

42. Thus it would seem good sense for developing regions to agree on an acceptable formula for investment as an essential condition for actually attracting industrial production centres. Such investment formula, however, should offer equitable advantages to foreign investors and should be co-ordinated among developing countries. The difficult problem for all countries is to find new acceptable combinations of economic co-operation and interdependence between developed and developing countries.

43. The developed countries must recognize the determination of the developing world to refrain from relying solely on the will of others for development resources. They must realize the advent of a new era for meaningful international co-operation. They must be aware of the realities of the times and decide to abandon anachronistic preoccupations designed to perpetuate selfish aims.

44. Much has been said on these issues in the various councils of world Governments. Yet there is sadness in the truth that even a compendium of words and expressions, whether impassioned or sober, can never accomplish the results of an ounce of power displayed. More regrettably, there is needless and irreparable anguish in a display of power which unwittingly wrecks a multitude of unintended targets. Invariably, the nations of the world seem to respect brazen power more than compelling words; but truly, the

exercise of national power and techniques must cease in our times to disregard the interest of the total human family.

45. In our one world, the economic interdependence of nations must be clearly recognized. The fact that nations are interdependent is made evident when the major Powers behave either justly or selfishly, to the detriment or the benefit of the rest of the world, as the case may be. Yet the consequences of this interdependence are just as glaringly revealed through the actions of new centres of power. Truly, the discovery of national economic power demands the recognition of global economic responsibility.

46. Perhaps the basic issues of this session can be stated in a series of pointed questions. Considering the choices of action for development and progress, what, then, shall be the guiding force both of third world and of developed nations? Shall it be consolidation and confrontation, or consultation, conciliation and co-operation? Shall it be vindictive or shall it be reconstructive? I propose that it should be consultation, conciliation and co-operation; and nations of our one world should pursue a course of economic reconstruction based on social justice.

47. Living in an interdependent world, it is important to distinguish between self-interest and selfish interest. Selfish interest contains the possibility of exacting retribution for past injustices, and of seeking equalization for past exploitation. It seeks to promote the betterment of a part, while remaining oblivious to the well-being of the whole. Similarly, nationalism can be a force for good in our one world if its vision remains clearly focused on the commonality of our interests, if its over-all targets are outlined in a compromising synthesis of concepts, if its efforts are exerted in a pooling of resources in a genuine pursuit of peace and freedom, security and justice.

48. When developed nations and third-world nations respectively possess vital capital or raw material resources, then it is their sovereign right to employ reasonable bargaining not only to achieve a satisfactory national life, but also to reconstruct a better world. When third-world or developed countries exercise effective control of manufactured or raw material products then it is noble to seek together a beneficial enlargement of, rather than to engage in a harmful struggle for, the world's existing output.

49. If, through international intercourse, developed and developing countries should choose to follow the path of confrontation and attrition instead of international co-operation and advancement, they would certainly create for themselves a self-destructive, rather than a wholesome and functioning, world society. On the other hand, if joint planning and creative leadership based on a give-and-take disposition should mark the pathways to development; if the elements of conflict should now be replaced by a spirit of conciliation; if, indeed, understanding and mutual respectability are allowed to define the interplay of human consideration and economic exchange, then shall it come to pass in our times that the building blocks of international economic co-operation, which builders had for so long avoided, have become part and parcel of the corner-stone of a new progressive age.

50. The PRESIDENT (*interpretation from Spanish*): On behalf of the General Assembly it is my honour to express the warmest gratitude of us all to His Excellency the President of Liberia for his very important statement. May I furthermore add my personal gratitude for his generous words.

AGENDA ITEM 7

Study of the problems of raw materials and development (continued)

51. Mr. JOBERT (France) (*interpretation from French*): Mr. President, yesterday [2207th meeting], in moving terms, you recalled the memory of Mr. Georges Pompidou, the President of the French Republic and of the Government of France. I am requested to express the gratitude of my Government to you today. I address this gratitude to the President of the General Assembly and to a great friend of France. The General Assembly was so good as to associate itself with this homage, and I can assure the Assembly that its gesture will touch the heart of every Frenchman.

52. In starting my statement, I first wish to greet the statesman who has taken the initiative for this special session of the Assembly and whose eloquent speech we heard this morning. We are convened at the urgent suggestion of Algeria [A/9541]. It was therefore natural for President Boumediène to be the first to be heard. And I believe it is natural for the representative of France to echo his address.

53. Have we not all thought, while using complementary terms, that the present world situation urgently called for examination by the world community?

54. Did not the letters we sent last winter to the Secretary-General use the same word "mutation" to characterize the events we all have to face? Doubtless, the term "mutation" does not have exactly the same connotation for all. France shares the demand of the enormous majority of countries represented here to associate with mutation an urgent need for justice. Nevertheless, we are aware that formulations may be widely different and, indeed, conflicting. It will be precisely the main purpose of this session of the Assembly to settle such contradictions through a balanced representation of the interests of all.

55. Nor is France unaware of the disequilibria and ills which have marked the evolution of mankind since it entered the industrial revolution. France does not deny—and how could it, having known so many vicissitudes in its history—that the political and economic life of nations largely depends on power relations, on the fact that certain cycles are more favourable to some than to others, that order and even justice are often mere hypocritical names for a disorder and a lack of justice which are profitable only to a few. France does not contest that what is called colonialism or neo-colonialism has been marked by such unilateral imbalances.

56. But this is no reason to go to the other extreme and to injure the general interest by substituting, for past or present injustices, not only other injustices—that would be

simply another vicissitude—but even policies detrimental to all. I shall not go into the idea that history turns to the advantage of countries producing raw materials which are indispensable for modern industry. I shall simply say from this rostrum that I fully understand the anxiety of countries which have so far, in order to live and to develop, found only what nature has bestowed upon them, and quite unequally at that. I also wish to state that I find it legitimate for them to endeavour to supplement their non-renewable resources by an undertaking of their own, and a modern one, that is to say by industrializing. All this, however, in this increasingly interdependent world of ours, can only occur if the delicate pattern of international economic relations is not torn by sudden thrusts and short-sighted struggles.

57. Such is the spirit in which France is taking part in this meeting. I thought it necessary to underline this before coming to the heart of the matter.

58. It would definitely amount to preferring the artificial to the real, thus dooming the Assembly to ineffectiveness and sterility, if we were not to begin by noting the basic motive of this session: the concern felt by many nations, big and small, at the impact of the oil crisis on their development and people; the anxiety of the underprivileged who fail to find resources to cover additional liabilities; the obsession of those who have not yet found a solution for threatening disequilibria; the perplexity of those who have to contemplate far-reaching adjustments in their production machinery and their trade and financial patterns. All this forbids us from staying seemingly aloof. Here is a situation which, because of its aspects and consequences, vitally concerns our economies, that is to say, the daily lives of human beings. Therefore we must all together study it and take a short-term and long-term view of its implications.

59. We should, however, be just as harmfully short-sighted if, obfuscated by the fourfold increase in the price of fuel, we were to concentrate our efforts, attention and vigilance on this sole aspect of the issue, whereas obviously it is but one sign revealing a more general crisis in international economic relations which has been a long time in the making. Indeed, the massive and immediate energy crisis should not prevent us from perceiving the crushing difficulties which have been piling up for many years and which remain unresolved. That is why my country proposed a world conference on energy and supported President Boumediène's initiative to organize an international consultation on raw materials and development.

60. The profound deterioration in our economic environment explains present events, because we have left fundamental questions unresolved.

61. First, the international monetary régime has not been able to ensure a stable foundation for world economic growth.

62. As time went by, the system worked out at Bretton Woods began to falter. It was based on fixed parities and supported by two pillars: gold and the dollar. Foreign commitments and domestic inflation have gradually undermined confidence in the soundness of the second pillar.

63. We know what happened. After having resorted to several expedients in successive attempts to consolidate the dollar, the United States Government on 15 August 1971 ceased to maintain the dollar in the role assigned to it as the mainstay of the international monetary system. The very foundations of the system were therefore shaken: parities started to shift and to conflict. The freedom of monetary and financial movements, which were perhaps neutral within a rigid framework, speeded up the disequilibrium and is now upsetting economies not powerful enough to do without the guarantee granted by the convertibility of the dollar into any reserve currency.

64. Since then, the devaluations of the dollar in December 1971 and February 1973 and a generalization of the floating imposed on other currencies touched off a chain reaction and led to the erosion of the value of the currencies.

65. An inflationary process, both a cause and an effect of such a development, gripped the world's economy, threatening the economic and social stability of most of our States, thus creating distortions in international trade and in the movement of capital.

66. Meanwhile, from 1955 to 1970, on the average, the value of raw materials in terms of constant value declined by about 20 per cent—even though since then this downward trend has been entirely eliminated.

67. This process, the consequences of which have been further aggravated by wide fluctuations in exchange rates, often dramatically hampered the efforts made by the "have not" countries to promote their development and understandably gave rise to deep-rooted resentment.

68. No doubt the resentment would have been less acute if the rich countries had seen to it that they developed and increased their aid to less favoured countries and if there had been gradually established a more rational international division of labour among States that had reached different levels of economic development. We all know that that has not been the case.

69. In order to evaluate correctly the full scope of the events which have created an upheaval in the world economy today, one can do so only against the background of this deplorable political, economic and psychological situation.

70. To begin with, in 1972 we were faced with one of the imbalances of which, unfortunately, the world has known many, because of the unhappy coincidence of three series of phenomena: firstly, climatic catastrophes, drought or floods in several areas of the world—Central Africa, the Southern Hemisphere, South-East Asia and the Soviet Union—triggering a chain of disturbances in all agricultural markets; secondly, a decrease in mine production due to slowdowns in extraction in several countries; and, finally, a cyclic resumption of industrial activity in developed countries (more than 6.3 per cent) following two years of stagnation (1.3 per cent in 1971 and in 1970). Obviously, all this resulted in an excess of demand over supply. Because of the almost total lack of any international organization of the market, this has given rise, since 1972,

after several years of stagnation, to a steep rise in the price of most products.

71. In spite of the magnitude of this phenomenon, everything should have fallen into place, so to speak, within a few months. However, the deterioration in the world environment, economically as well as politically, was too profound.

72. Monetary uncertainties and facile or fatal inflation encouraged consumers and speculators to bid much more highly than they normally would have on most markets, thus accentuating and ceaselessly fostering the upward trend. For their part, producers and, of course, developing countries that had suffered for so long from deteriorating markets took advantage of a bull market to organize themselves and to gain a maximum improvement in their situation, thus hoping to do away with the years of precariousness and humiliation.

73. In less than 18 months, as of mid-1972, the prices of the main raw materials have more than doubled on the average and in some cases have tripled or quadrupled.

74. Because it was so sudden and of such magnitude this evolution led to increasing the intolerable pressures on the last remains of the world monetary order and brought inflation to rates higher than 10 per cent, not far removed from the rates we suffered from in the immediate post-war period.

75. What is perhaps even more serious is that this development led to the emergence of basic imbalances in world trade and in the movement of capital. One could of course debate at length on the present level of the price of oil. Whatever the case, nobody can deny that the sharp increase in the price of oil—it is sharp because it is both very swift and very great—plays by far the most important role in the process, since it results in additional expenditures of more than \$60,000 million for net importing countries.

76. Should I say here that in proposing a world energy conference France merely recognized the capital importance of energy raw materials. The development of our nations rests wholly on them. As natural resources, they come of course under the sovereignty of producer States. As a condition of modern economic life, they represent, however, a special responsibility for all those who profit from them—and I naturally include among them the large international companies.

77. Undoubtedly the marked rise in the prices of other raw materials and food products and more limited rises in the prices of industrial goods, while alleviating difficulties for some privileged countries, further aggravate the situation of most members of the world community. May I point out that the trade balance of my country in 1974 will no doubt show a deficit of \$4,000 million to \$5,000 million. Many industrial countries will find themselves in similar circumstances, whereas the developing countries run the risk of even more dramatic difficulties.

78. Such radical developments impel us urgently to outline solutions proportionate to the threats looming over

the very future of the growth of the world economy. Nearly everywhere there are signs of a slowdown in economic activity; week after week planners and experts adjust their forecasts in terms of a decline.

79. We all feel that not much would be needed to slip from a slowdown to recession and from recession to a world crisis of great magnitude, whose repercussions would be catastrophic for all peoples.

80. Such threats in the economic field expose the relationship between industrialized and developing countries to a climate which could become disastrous. Here and there voices are being raised about getting ready for a confrontation; these voices are still isolated and somewhat ashamed; but, if the international community is not watchful, they might find a too positive echo.

81. It should be clear to all that the road to confrontation is full of hazards—even if, luckily, the time of gun-boats appears to be quite over.

82. Very recent events have demonstrated that by systematically letting market forces play to the detriment of producers' legitimate interests consumer countries were leaving themselves open to very powerful backlashes. May they once and for all learn the relevant lesson and abandon the temptation of hoping for quick revenge.

83. It would be equally dangerous for producer countries to attempt to benefit from the market situation in order to increase their advantages and neglect the impact of their decisions on the world economy, as well as on the conduct of economic agents. The serious disequilibria of today may well entail a generalized recession of our economies; and, also, any excessively drastic trend of prices towards a rise or a fall results in spontaneous moves on the part of economic factors and uncontrollable chain reactions. The prices of raw materials have, in the first place, remained at too low a level during many years and production therefore stagnated and stayed below demand. Likewise, consumers react to any marked rise by savings, substitutions and domestic efforts in production, thus leading to a significant decline in demand on international markets, a lasting decline which might result in stopping the growth of countries which are producers of raw materials.

84. One therefore clearly sees the limitations of systematic confrontation policies. Of course, in turn, according to the given sector and period, producers or consumers may be able to impose their conditions on the market without taking into account the interests of their partners. But the victories they could thus win would be bitter and costly for all and likely to last for a long time. A regular growth is preferable to ups and downs in an atmosphere of undercover struggles between selfish national or regional interests.

85. We are henceforth condemned to organize the obvious solidarity of our economies on a rational basis. Were we not to recognize the interrelation of our fates, were we to refuse to assume the manifold consequences involved, we would run the risk of hindering the development of all nations.

86. This special session of the General Assembly must be a decisive step in the concerted establishment of a fair and stable international economic order, as set forth in the draft charter of the economic rights and obligations of States, submitted by the President of the United States of Mexico.

87. Such an order presupposes, first, that the radical changes in the relationship between industrialized and developing countries should benefit both. It also presupposes establishing balanced relations between prices of raw materials and energy, on the one hand, and prices of industrial products, on the other, as well as between conditions of access to such resources for all the parties concerned. It further presupposes a renewed monetary order based on relations which are as stable as possible between currencies and the equality of all in assuming the same responsibilities and the same discipline collectively agreed upon.

88. There are many States, especially among the less developed, which have been disappointed by the results of international co-operation.

89. The Bretton Woods system did not solve their financial difficulties; the action initiated under the aegis of UNCTAD did not lead to a genuine redefinition of relationships between developed and other countries; the International Development Strategy for the Second United Nations Development Decade did not reach its goal.

90. The present situation should urge us to get out of the rut and at last to set forth solutions relevant to the international community.

91. My Government suggests that the Assembly should concentrate on four questions which we deem to be fundamental: the organization of raw material markets, exploration for and exploitation of non-renewable resources on our planet, the industrialization of developing countries and the reform of aid and co-operation for development.

92. First of all, markets for raw materials can and must be organized. We have said that on many occasions. The haphazard evolution of markets for the last 18 months spectacularly confirms that this is a priority task for the international community.

93. Neither the uncontrolled interplay of market forces nor unilateral steps taken by producers or consumers constitute principles for the satisfactory functioning of trade, on which depends the economic life of all countries. Should one recall that trade in raw materials represents more than 40 per cent of world trade, that it yields the main bulk of export profits for the great majority of States throughout the world? Should one also recall that developing countries are not the only ones to sell raw materials, since in 1973 such exports from industrialized countries reached approximately the same amount as similar operations in the other countries? Finally, should one recall that most of our States have for a long time now internally organized their raw material markets?

94. Our first objective should therefore be to obtain a satisfactory knowledge of markets. It is indeed too often the

case that international transactions are conducted in not very homogenous conditions and more or less on a confidential basis. This is true, in particular, of energy products and many mineral raw materials. It is therefore fundamental to make markets transparent as far as possible, in order to give a clear picture of reality and reduce the influence of some marginal operations which foster instability in trade and lead producers or consumers to feel that they have borne an injustice or an injury. Such a transparency, gained in particular from a better knowledge of price formation and levels, could be arrived at by setting up an economic monitoring centre under the aegis of the United Nations. Enjoying complete independence, such a centre would survey world transactions, record the prices charged by the main operators in raw materials trade and regularly publish a weighted mean price, as a world reference known and agreed to by all, for every commodity.

95. Such a body would enable us better to survey the trends of supply and demand, the conditions of their spontaneous adjustment and thus help producers better to plan their production and development. But one should go much further. Whatever the product, we do know that more or less serious and lasting disequilibria appear from time to time. A voluntary organization of markets would offset their most detrimental consequences.

96. Far be it from me to deny the usefulness of existing mechanisms, for instance that of the International Monetary Fund [IMF], in lessening the impact of such disequilibria on the income of producers. On the contrary, these means of action should be strengthened, and I shall come back to that later.

97. But with regard to those raw materials which play a basic role in world trade, we should succeed in establishing a genuine collective discipline in the form of agreements on commodities.

98. The President of France stressed the urgent need for such an undertaking when he stated on 28 June 1973 that "countries of surplus should agree, product by product, on a policy to organize markets, stabilize prices, build stocks and aid in supplying food to developing countries".

99. Very few agreements have so far been signed and these have often not lived up to expectations. The reasons for such a failure seem simple enough to me. These agreements were isolated and lacked the basic provisions to ensure their effectiveness, in particular a definition of regulating machinery capable of influencing bear and bull markets and reducing fluctuations to a considerable extent.

100. We therefore propose the establishment of a network of agreements or arrangements covering the main raw materials imported both by industrialized and by developing countries. Such agreements will naturally take into account the specific nature of each product but will, none the less, include common characteristics. After consultations between all States concerned, one shall first have to determine reference prices beyond which intervention procedures would apply. Once these prices have been determined, we believe that they should be periodically reviewed in keeping with the state of the market, economic trends, the respective needs of the parties concerned and

the development of relations between the values of some other products, both primary and processed.

101. As to intervention procedures, in most cases they should take the form of sufficiently large buffer stocks financed by the international community. It has been demonstrated that the existence of such stockpiles, whether national for some products and for a given period, or collective as in the case of tin, largely offset short-term imbalances and constitute a highly profitable investment for everybody. The relative shortage existing on many markets does not allow us to build up such stocks today, but this situation is bound to change sooner or later.

102. The task is an arduous one and it will take time. Accordingly, it appears to me that the international community should concentrate first on organizing two very different markets, which in terms of size, represent by far the largest items in the world raw materials trade. Their evolution has the most telling effect on the international community and on the lives of one and all. I am referring to the market of grain and to that of oil and oil products.

103. As regards grains, terrible recent developments stress the urgent need to act. To be sure, the international community, by means of successive wheat agreements since 1949, has attempted to organize these markets, which hold an essential place in the over-all volume of international trade in basic products. This action, however, has been incomplete and inadequate since the situation is now worse than ever. A balance between supply and demand has not been secured in a stable and lasting manner; prices have fluctuated sharply and haphazardly in recent years; and food reserves have shrunk dangerously. In other words, the state of these markets does not make it possible to guarantee the developing countries in particular a regular, adequate and reasonably priced supply. We must be firmly determined to banish the spectre of famine from the world once and for all.

104. A general agreement could cover the most important grains based on three essential mechanisms: the building up of sufficient stocks to cope with unavoidable, cyclic imbalances in the market; a system of prices defining conditions of intervention of these stocks; and, lastly, food aid mechanisms to respond to nonsolvent needs of the world market and forming a first, vital contribution to the global policy of our "food solidarity".

105. This type of agreement could apply equally to products such as sugar.

106. In this respect I suggest that we resort to the World Food Conference, and that, at its forthcoming meeting in Geneva, from 4 to 8 June, its preparatory committee be asked to deal with this vital question.

107. In the field of energy the market has been shrouded in mystery for too many years now, thus placing these products in a very special position as compared to other raw materials. It is time that this situation cease, and that a rational organization of the markets be attained.

108. To begin with, such an organization implies a better knowledge of the data and quantitative forecasts of supply

and demand for various energy sources. It is not reasonable that producers and consumers should continue to remain in the dark about their respective intentions just as it is no longer conceivable that operators should be able to act without any supervision by the States concerned.

109. We must also see to it that prices are determined in a consistent manner based on irrefutable and sufficiently objective economic factors such as the current value for demand, the development costs for the supply, a comparison with substitute products and long-term forecasts of supply and demand. But an effort also must be made to avoid any sudden and substantial rise or drop in prices, if only to allow for economic planning and investment decisions.

110. This means, as I indicated earlier, that once reference prices are pegged at a level acceptable to everyone, they should be periodically reviewed in keeping with the state of the market, production costs and the fluctuations of the value of a certain number of other products. In the case of other raw materials, regulating the market implies building up costly stocks; in the case of oil it can be achieved by adjusting production and using a part of the stocks already held by consumer countries.

111. In this field, as in the case of grain, we shall also have to provide for aid mechanisms for the most underprivileged countries. The concept of food aid has been widely accepted after having encountered many initial misgivings. I feel that there is a need to launch a similar concept of oil aid, it being understood that the latter would be covered by the producer countries as well as by the most-favoured consumer countries, for the benefit of the least-favoured countries. No doubt we could even contemplate, as in the case of food products, diversifying such aid by ensuring the supply of oil products necessary for the agricultural development of many countries, such as fertilizers and pesticides.

112. I leave it to the wisdom of this Assembly to decide on the right procedure for establishing such an organization of the energy market. I wish merely to recall that we have suggested that a world energy conference be convened and that we undertake a concrete study of this question as soon as possible.

113. Here and there, and possibly more there, proposals for a restricted meeting of producers and consumers will be put forward outside the usual institutions. To be acceptable, any such initiative would have to be reinserted into the framework of the United Nations, with the aim of preparing a conference in which all parties concerned would participate. Moreover, it would be necessary for such a group to have a balanced membership. Failing such a logical approach, the outcome would be open to chance or hazard.

114. Any serious discussion about raw materials and the chief natural resources brings out the danger of long-term shortages in many sectors. In these conditions, the goals of the international community must necessarily be to avoid waste, to develop methods of recycling and substitution without in any way endangering the growth of production and, obviously, to carry through a systematic effort in prospecting. All this must be done by gradually organizing

consultation on research, exploitation and utilization of non-renewable resources.

115. The United Nations Revolving Fund for Natural Resources Exploration, which was created by our Assembly during its last session [*resolution 3167 (XXVIII)*], offers original and promising prospects for the discovery and harnessing of new sources of supply. On the one hand, this Fund brings into close association industrialized and developing countries both in its activities and in its financing. On the other hand, it institutes a system allowing for the quasi-automatic renewal of funds by levies on the production of the resources it has been instrumental in discovering. France has taken an active part in the establishment of the Fund and is prepared to contribute to it when the time comes.

116. But there is also need to introduce systems capable of ensuring the exploitation, processing and marketing of these natural resources in the best possible conditions. This can be achieved only if we opt for a form of co-operation that is resolutely innovative in its objectives and methods. The prospects are immense if only Governments manage to use their imagination in proportion to the interdependence to which they are condemned.

117. Meanwhile, it is imperative that we examine the conditions in which operators intervene on the energy markets, and particularly the activities of the transnational corporations.

118. On this point I shall limit myself to stating that the role of these corporations must be appreciated and defined in the light of the objectives we have set for ourselves, namely, the solidarity of our economies, the organization of markets, the development of trade and co-operation. In this perspective, their role can and should remain important in view of their technological and financial capacity, their commercial experience and their industrial assets. But it is essential that their activities fit in with the organization of markets such as we propose and that we set up a control mechanism to take action within the framework of a policy defined by States.

119. The increasing interdependence of our economies naturally presupposes a growing liberalization of international trade and particularly of industrial exchanges. Strenuous efforts have been made in this field in the past few years. Thus the introduction by the European Economic Community, in keeping with the resolutions of the second session of UNCTAD, of a system of generalized preferences and the improvement of the system from year to year constitute a significant contribution to the expansion of outlets for developing countries and later today the Community's President, Mr. Scheel, will speak to us about this. Many States have in fact made similar moves. Naturally, the participation of all industrialized countries is needed for such an enterprise to gain maximum effect.

120. However, the liberalization of trade is far from sufficient to ensure the development of industrial exchanges in the world community. Only the most favoured of the developing countries are really in a position at present to increase their exports. Lacking a solid industrial basis, the other countries cannot benefit from the advantages inherent in any measure of liberalization.

121. In order to set up this industrial infrastructure our Community must organize an international distribution of labour that takes into account the need to industrialize developing countries. Accordingly, we must undertake a process of wide-scale industrial co-operation between countries at different levels of economic development. This co-operation would lead to the introduction—at bilateral, regional or multilateral levels—of a lucid and concerted policy for establishing industrial installations based on an objective analysis of compared profitability. It is our hope that the international conference on industrialization, scheduled to be held in Lima next year,² will work along such lines. To this effect too, France wishes, together with its partners in the European Community, to enter into a dialogue with the Arab countries, a dialogue inspired by the determination to establish a long-term and mutually beneficial co-operation between two groups of States which are geographically close and whose common future deserves to be outlined without delay.

122. Faced with the serious problems of balance of payments, which are the outcome of the oil crisis, the industrialized countries could slow down their efforts in the fields of aid and co-operation. That would be tragic.

123. Although France is one of the countries hardest hit by the rising costs of energy and raw materials, it is determined to maintain the volume of its aid as far as possible. It hopes that the other industrialized countries will do the same.

124. However, we are not blind to the fact that the traditional mechanisms for financial aid will not be sufficient to cope with the dramatic situation of some developing countries. Very promising initiatives have been taken by countries whose financial reserves increased as a result of the rise in the price of oil. Among these initiatives, I would recall that of His Imperial Majesty the Shah of Iran, who launched the idea of a world development fund; that of the members of the OPEC; and that of several Arab States to set up regional aid and development organizations.

125. I also wish to say how interesting we find the idea of the Managing Director of IMF to create temporarily an extra credit facility in order to help countries pay for the deficits arising out of the increase in the price of energy. But nobody will deny that we are now facing a new situation, characterized by the nature and permanent quality of these deficits. So we should devise specific solutions on a world-wide scale. In particular, one could think of seeking the opinion of the international community gathered here on the entire range of initiatives which have already been taken or might be taken and which are designed to remedy payments imbalances which are independent of the internal policies pursued by States.

126. In our efforts in the field of aid we should bear two factors in mind. In the first instance, there is need rapidly to come up with means to assist the neediest nations, which are suffering the effects of the rise in the cost of energy, fertilizers and grains, as well as the consequences of monetary erosion, without receiving anything in return.

² Second General Conference of the United Nations Industrial Development Organization.

This is a priority task which we must fulfil with the utmost urgency, because entire populations run the risk of being exposed to poverty and starvation.

127. In a second phase, we ought to examine ways of introducing a more rational policy of co-operation between industrialized and developing nations. There can be no doubt that new impetus is needed in international co-operation. Some developing countries have now managed to establish favourable conditions for economic take-off; the terms of the aid we can bring them must therefore evolve. Other States, however, have not yet reached that stage, and the most liberal forms of our aid should be concentrated on them.

128. The organization of raw materials markets, research and exploitation of non-renewable resources, industrialization of the developing countries and reforms in development aid and co-operation: these are the four fields in which we must make progress now that the international community has woken up to the unacceptable aspect of certain inequalities.

129. To be sure, these suggestions do not exhaust the several items on our agenda. But, from the outset of the session, it was my wish to outline a programme of concrete action on essential questions in order to enable our Organization to reassume its full responsibilities. And thus the ills that affect us all would be taken care of in a forum where the voice of one and all can be heard.

130. More than ever, realism, restraint and concerted action are necessary to our nations. The complexity of the economic system is such that a protracted crisis, nurtured by irresponsible acts and exacerbated by confrontation, would have incalculable consequences for all, even for those who claim to be self-sufficient. Of course, we could thus attain a sort of international order, but how disastrous! On the contrary, were we to draw inspiration from the ideal of reason, which should be ours, we would then have an opportunity to contribute to defining an order worthy of the name, genuinely founded on interdependence and the common interests of all.

131. President Pompidou has died. I shall briefly recall his policy. He knew whence he came; he knew whither he was going, along paths familiar to every Frenchman, the paths of independence and national dignity. From these he did not depart—nor henceforth could anyone, if ever led astray by lack of caution or care, do so for long.

132. And, in these days of mourning, here are the tenets that France holds, extending a brotherly hand to all peoples: national pride and the determination to defend it against any pressure or threat, this being the inherent right of all people; an express will to help and support the most vulnerable, humble and needy; a commitment to fit its own progress within an international solidarity ruled by justice and equity; the determination to build together the house of Europe, wherefrom would emanate the virtues of courage, and of wisdom, and of the heart.

133. Let both those who worry and those who watch find peace today. Such is the meaning of what we did yesterday. Such will it be tomorrow, whoever the men. There can be

no mistake about it when you have truly come to know the soul and mind of France.

134. Mr. SCHEEL (Federal Republic of Germany):³ On 18 September 1973 the Federal Republic of Germany became a Member of the United Nations. On that occasion I said:

“Universality [of the United Nations] also means universality of obligations. Only if we accept this can we remove the tensions which have their origin in social and economic disparities.

“... ”

“... Universality means both interdependence and mutual restraint. ... It is everyone's dependence on everyone—even dependence of the industrial countries on the developing countries.”⁴

135. Sooner than anyone would have thought, that dependence has become apparent. The sudden difficulties in the supply of energy starting in December 1973 illuminated like lightning the landscape of economic and social relationships. Trade relations, currency conditions and the development of countries have been seriously upset. All this together has had the effect of an earthquake, leaving nothing unscathed.

136. I do not want to embark upon a jeremiad about the woes plaguing industrial countries. True, the events of recent months have deeply affected all branches of our economies. As yet, the changes involved can be seen only in vague outline; only gradually are we becoming alive to them. The process may well be a long and agonizing one: rising prices, the erosion of purchasing power, a recession, the threat of unemployment, a rapid dwindling of exchange reserves, a fluctuation of exchange rates beyond control and of unknown dimensions.

137. Here is one example out of many. A small country in Europe which for centuries has lived on its tourist industry must this year spend the totality of receipts from its 1974 foreign tourist trade, its major source of foreign exchange, just to meet the increased price of its oil supplies.

138. The industrial countries' economies do feel the impact. But all that is at stake for them is their rate of growth. Their vital nerve remains untouched.

139. How very different is the situation for a quarter of the human race—a thousand million people in Africa, Asia and Latin America. For them, it is their bare existence that is at stake. All calamities break upon them at once, and they have no means of protecting themselves. The prices of wheat and of nitrogen fertilizers have tripled in the past two years, for the simple reason that world production is insufficient. But then how is a farmer to get more out of his land when he has no fertilizers?

³ Mr. Scheel spoke in German. The English version of his statement was supplied by the delegation.

⁴ See *Official Records of the General Assembly, Twenty-eighth Session, Plenary Meetings*, 2119th meeting.

140. The developing countries which do not produce oil will have to pay \$15,000 million more for food-stuffs, fertilizers and oil products in 1974 than they did two years ago. Pay with what? The balance-of-payments deficit of the less developed countries has tripled. Prices are out-running aid measures at an ever increasing speed. They have eaten up the development aid provided by the industrial countries. They have, in addition, drawn an equally large sum out of the developing countries' pockets. Anyone can imagine what will come of this and where the gallop of this horseman of the Apocalypse, inflation, will take us.
141. We are all feeling depressed. Things cannot go on like this. No one with a clear head and a feeling heart should still be able to sleep soundly. There is a growing feeling of frustration and inadequacy, of uncertainty and helplessness. The ground on which we stand is shaking. The familiar landmarks have gone. Data on which we could rely yesterday are no longer valid today, and who knows what they may be tomorrow?
142. How can one plan a green revolution when, although in possession of a miraculous species of wheat, one does not know whether a year hence fertilizers will be two, three or four times as dear?
143. Unreliable data, accelerated changes, the impossibility of foreseeing developments—this is where Governments and countries come up against their limitations. They cannot master the problems alone, each one for himself. Nor can they do it in groups, with the developing countries on one side and the industrial countries on the other, or with primary producers here and consumers there. Naturally there are specific problems which can initially be discussed among interested parties of a similar stamp. But it must all end in an over-all dialogue. We must all find our place in a reality whose process we can no longer shape alone. We are stumbling in the dark. We are inclined to think that anonymous powers are holding the strings in their hands and manipulating us all. A dull, undefinable feeling of unease, emotional reactions, yes—and yet we must not allow our vision to be blurred. Our strength of purpose must not flag.
144. What do events teach us, and what has the lightning brought into relief? Let me put it in candid and matter-of-fact terms.
145. Industrial States are dependent on commodities from the developing countries. They need them at acceptable prices. They must be in a position to plan their production on a long-term basis. The developing countries need loans, capital goods and technical know-how. How else can they build up their own industries, how else overcome their one-sided dependence, whether it be on coffee, cotton, sugar or copper? Even States with freely available capital need something: they need opportunities for safe and profitable investment. And we all need foreseeable developments, stability and social equilibrium in every part of the world. Helping the poorest of the poor is therefore in the interest of all. "No man is an Island, entire of itself."
146. No State, no people, is a mere giver or taker, no one a mere object.
147. We are all in the same boat. Of course, the mere awareness of that does not solve problems, and if they had been solved already we would not now be sitting here.
148. The more menacing the difficulties, the deeper the despair, the stronger the temptation to make a clean sweep of it, to start from scratch and to try things out in a new, different and, of course, better way. This is the old longing for a perfect world. But it is an illusion. There is no such thing, any more than there is a perfect human being. One cannot turn the world economy upside down. It is not a suitable object for map exercises. Blast furnaces cannot be switched off and on at random. Industrial capacities are sensitive goods; we should handle them with care. All countries, beginning with Afghanistan and ending with Zambia, need equipment.
149. Does that mean that everything is all right, that I am pleading for a standstill? Not at all. I am not hanging on to obsolete structures, for standstill means decay. But violent change means chaos. If we fail to come round to co-operation, to solidarity, if, instead, we attempt to solve our problems in confrontation, there will be no winners, but only losers.
150. Between standstill and chaos lies the thorny path of reforms, of continuous and purposeful evolution. I believe that our world economic system provides much that needs to be preserved, on which we can base reforms. Or do we want to relapse into the barter system, do we want markets to be split up into reserved zones? We should guard against artificially categorizing humanity. Wherever we find disparities, we should beware of widening gaps instead of bridging them.
151. Reforms should not be a pretext for anyone to dodge the necessary sacrifices. Chancellor Willy Brandt said here on 26 September 1973:
- "No nation should live at the expense of another. Anyone who refuses to accept this principle would be instrumental in our having to pay dearly for it."⁵
152. The developing countries need a higher export income. They must place their economies on a broader foundation, they must diversify. And they must be able to sell the products of their industries. The Federal Republic of Germany will help to find solutions. Side-stepping reality and cherishing illusions that there is a panacea for all our problems cannot be in anybody's interest. To replace one evil by another will not be a remedy either. Adequate commodity prices, yes, but not as an incentive to over-production, not as a potential cause of a set-back in economic activity. On this premise, the Federal Republic of Germany will be favourably disposed towards commodity agreements on a case-to-case basis.
153. We are far from having all the data available for a comprehensive survey. Nor should each of us consider in isolation the sector which is nearest to him. What we need is a global strategy for international economic co-operation: the most suitable instruments, a complete catalogue of methods. I do not know such a catalogue; it does not yet

⁵ *Ibid.*, 2128th meeting.

exist. I therefore suggest: let us appoint an *ad hoc* group of experts for commodity and development problems, not a new institution, but a "council of wise men", as it were. We should give them a clear mandate and a firm deadline. They should provide us with the tools to enable us to take the necessary decisions with our feet firmly planted on the ground.

154. We must realize that the existing division of labour between suppliers and producers of raw materials is outdated. The national economies of the developing countries could be strengthened far more effectively; raw materials would have to be processed to an ever-increasing degree in the countries of origin themselves. We are ready to assist in establishing such processing plants in developing countries.

155. New forms of co-operation must be developed. They should include co-operation between primary producing countries and their industrially more advanced partners at all production levels, from the cultivation or extraction stage right to the marketing stage.

156. The Federal Republic of Germany will, furthermore, increase its global development aid faster than the growth of its own gross national product. In allocating aid we shall give still greater attention to the poorest countries and to countries in a situation of acute crisis.

157. The industrialized States have long been the only donor countries. This has not always been conducive to harmony in the family of nations. Now matters have changed. It is clearly realized by all that the industrialized countries are not the only pillars of the world economy. There are countries which can use their mineral resources so profitably as to accumulate great wealth. Their decolonization was followed by full financial emancipation. They are prepared to combine their accelerated development, which they owe to their own effort, with the enthusiasm and sense of responsibility of a new partnership. Who would be better qualified than they to perceive the needs of the poorest, to appreciate their struggle for bare existence? I call on them, I call on us all, to enter into such a new partnership. Let us together hear the appeal of those regions that are the most destitute on earth.

158. What a number of chances there are open to us! Could not at least some of the additional financing funds now rapidly accruing be placed with the International Development Association, that organization with its wealth of experience and its favourable credit terms? In that case, of course, a readjustment of voting rights would have to be considered. We would agree.

159. Or could not the funds recently set up or still to be set up co-operate closely with the World Bank and have their projects worked out by the Bank's experts? It is of no help to anybody if a multitude of funds with partly overlapping, partly conflicting, programmes do uncoordinated work. Now is the time to streamline the development system. Let us use this opportunity.

160. And I ask, would this moment of reflection not be the right time, too, for the large group of socialist States which as yet are outside the important international

financial institutions—the IMF, and the World Bank—to become members of them? The gates of these organizations are wide open for all to enter.

161. We have the World Bank group, we have IMF, the General Agreement on Tariffs and Trade /GATT/, UNCTAD. All these are living proof that no country can manage its affairs all alone. Let us avail ourselves of these organizations to carry out the necessary reforms. I am also thinking of the reform of the international monetary system; such a reform can only be successful if the developing countries fully participate and co-operate in it on an equal basis. This is why the Committee on Reform of the International Monetary System and Related Issues counts developing countries among its members. I have in mind the deliberations of UNCTAD on the Charter of the Economic Rights and Duties of States. The Federal Republic of Germany has submitted constructive proposals on this matter.

162. Let us heed Raúl Prebisch's exhortation:

"The road is a difficult one but it must be trodden boldly, imaginatively and thoughtfully, with both the emotional impulse which is needed to form great currents of opinion and the rational approach and foresight essential for constructive effort and for transforming the Utopias of today into the living reality of tomorrow."⁶

163. The Federal Republic of Germany and eight other European States have joined together to form the European Community. I shall speak in the remarks which follow in my capacity as current President of the Council of the Community, on behalf of those nine States and on behalf of the Community.

164. The problems currently facing the world community of nations are of such magnitude that solutions are only possible on a world-wide basis. The social progress of all our countries and harmonious relations between the individual countries of the community of nations depend upon a just solution to these questions. We are required today to make a substantial contribution to co-operation, progress and peace.

165. In view of the recent radical changes on the oil market and the price increases of many raw materials, the implications for all countries of price increases and supply difficulties need to be defined. The most adversely affected are the developing countries with scarcely any energy or raw material resources. A product-by-product, country-by-country analysis must be made; suitable solutions must be sought and put into practice.

166. Let us be clear about this: the long-term development of the world economy is at stake. We need a new world-wide equilibrium. Adjustments are necessary to achieve it. We must make efforts to avoid economic recessions and we must curb the world-wide process of inflation. This can only be done in a spirit of solidarity among all States.

⁶ See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), p. 369. Quoted in English by the speaker.

167. The European Community is firmly integrated in world trade. It is poor in many important raw materials. The stronger the guarantees of continuity in world economic activity and world trade, the more effectively can the Community continue to contribute to the process of development.

168. Nor should we forget that uninterrupted supplies on fair terms are a major factor in the stability of the international raw materials market. The Community is prepared to co-operate constructively in the discussions on the development of raw materials prices. The Community will not evade adjustments to raw materials prices, which should be profitable for producers and fair to consumers.

169. We need harmonious international economic relations. Economic expansion in one part of the world has beneficial effects on the other regions of the world. Conversely, stagnation and unemployment would undoubtedly have direct and far-reaching world-wide repercussions.

170. In the past the European Community has taken world-wide account of the commercial interests of the developing countries. It is endeavouring to achieve a world-wide solution to problems in the field of trade and development. The Community was the first to introduce the system of generalized preferences, which has since been improved several times and could be improved in the future. The Community considers it desirable that all industrialized countries should introduce a system of generalized preferences for all developing countries. The food aid programme of the European Community has substantially assisted many countries. The Community welcomes the convening of the World Food Conference, which will examine the problem of how to eradicate hunger and malnutrition in the world.

171. The Community is at present conducting negotiations with 45 developing countries in Africa, the Caribbean and the Pacific on their future financial, technical and trade relations and on industrial co-operation. The object of these talks is to achieve wider forms of development co-operation. Negotiations are also in progress on similar forms of co-operation with the three Maghreb countries and other countries in the Mediterranean area.

172. The Community sees these efforts as an integral part of the world-wide development policy for which it is striving. It attaches the utmost importance to co-operation with the countries of Asia, especially those referred to in the Declaration of Intent made at the time of the Community's enlargement,⁷ and the Latin American countries, with which it is continually exchanging views.

173. Let me make three observations. Firstly, the European Community believes in the usefulness and effectiveness of the multilateral system of economic relations. It furthermore considers it necessary to strengthen this system. It will pursue this aim in the GATT, the IMF, UNCTAD and elsewhere. It will also generally act in the awareness of a growing interdependence of the economic interests of all. Any risk of a return to bilateralism must be avoided.

⁷ See *European Yearbook* (The Hague, Martinus Nijhoff, 1974), vol. XX, p. 473.

174. The Community will take part in devising new methods of co-operation to allow all countries satisfactory access to raw material resources. It will participate in appropriate international initiatives for the more rational use of raw materials and the opening up of new resources.

175. It will promote trade policy measures which help to expand international trade. The European Community considers it possible to conclude commodity agreements in appropriate cases, and in so doing to take account of the over-all supply-and-demand situation.

176. Secondly, the European Community and its nine member States will continue their strenuous efforts to maintain and expand their development aid both bilaterally and through multilateral institutions. This they will do, despite their own pressing economic problems, on the basis of international solidarity embracing all countries with corresponding resources.

177. Thirdly, the Community and its member States are aware of the critical situation resulting from the latest development in the prices of imported products which are, particularly for some developing countries, essential. They thus wish to express their determination, in conjunction with all interested States and international organizations, forthwith to examine the most effective procedures for an exceptional international aid project to overcome the difficulties of such developing countries.

178. The Community and its member States would be prepared to play an active part in these efforts.

179. I can assure the Assembly that this is the spirit in which the States of the European Community will participate in the proceedings of this session.

180. That has been the message of the countries of the European Community.

181. Allow me, in conclusion, to add some personal remarks. We find ourselves at an important junction. We can take the road which appears to be the easy one. It is the road of fine-sounding speeches, of maximum demands, of resolutions forced through by overwhelming majorities, resolutions which have just one drawback: they are impracticable. We could thus lead our nations to believe that things would improve at one "go", that the Golden Age was on our doorstep.

182. What if we took that road? We should be projecting our wishes into the future. We should be confounding Utopia with real possibilities. And what good would it do us? None at all. We should be disrupting the world and ending up with nothing but sterility, disillusionment and still more bitterness.

183. There is another road open to us: it is the stony, toilsome path of carefully considered measures taken step by step. It is the path of painstaking efforts to reach consensus, the path of reconciling conflicting interests which we must not conceal. I wish nothing more ardently than that this would become possible, that the present session of the General Assembly would go down in the annals of the United Nations as a session marked by

sincerity. We must not part without having pointed out to people all over the world where the difficulties lie. We must make them see the problems instead of pulling the wool over their eyes—but at the same time we must show a way out.

184. Let me sum up my suggestions: first, a new partnership that will build confidence instead of sowing mistrust, that unites instead of divides; second, the appointment of a "council of wise men" to provide us with the foundations and instruments for a global strategy for international economic co-operation; third, no proliferation of institutions but a strengthening of the World Bank as a coordinator of old and new development measures; fourth, the conclusion of commodity agreements whenever appropriate; fifth, the provision of assistance in building up plants in the developing countries for the processing of raw materials.

185. Fifty years ago, Friedrich Naumann, the great German Liberal, interpreted the mandate of his time as "the humanization of the masses". He had in mind the poor of his time, the workers in his own even then highly industrialized country who had nothing but meagre wages to depend on. His demand was justified; it has meanwhile been fulfilled.

186. The mandate of our time goes further. It calls upon us to overcome backwardness, disease, hunger and dependence in all parts of the world—and no less to overcome presumption, tutelage, selfishness and complacency. This we should make our task. It is a great task. It is "the humanization of mankind". The impulse should come from this forum, from this General Assembly. Let us set to work.

187. Mr. TENG (China) (*translation from Chinese*): The sixth special session of the United Nations General Assembly on the problems of raw materials and development is successfully convened on the proposal of Houari Boumediène, President of the Revolutionary Council and of the People's Democratic Republic of Algeria and with the support of the great majority of the countries of the world. This is the first time in the 29 years since the founding of the United Nations that a session has been held specially to discuss the important question of opposing imperialist exploitation and plunder and effecting a change in international economic relations. This reflects the profound changes that have taken place in the international situation. The Chinese Government extends its warm congratulations on the convocation of this session and hopes that it will make a positive contribution to strengthening the unity of the developing countries, safeguarding their national economic rights and interests, and promoting the struggle of all peoples against imperialism, and particularly against hegemonism.

188. At present the international situation is most favourable to the developing countries and the peoples of the world. More and more, the old order based on colonialism, imperialism and hegemonism is being undermined and shaken to its foundations. International relations are changing drastically. The whole world is in turbulence and unrest. The situation is one of "great disorder under heaven", as we Chinese put it. This "disorder" is a manifestation of the sharpening of all the basic contradic-

tions in the contemporary world. It is accelerating the disintegration and decline of the decadent reactionary forces and stimulating the awakening and growth of the new emerging forces of the people.

189. In this situation of "great disorder under heaven", all the political forces in the world have undergone drastic division and realignment through prolonged trials of strength and struggle. A large number of Asian, African and Latin American countries have achieved independence one after another and they are playing an ever greater role in international affairs. As a result of the emergence of social-imperialism, the socialist camp which existed for a time after the Second World War is no longer in existence. Owing to the law of the uneven development of capitalism, the Western imperialist bloc, too, is disintegrating. Judging from the changes in international relations, the world today actually consists of three parts, or three worlds, that are both interconnected and in contradiction to one another. The United States and the Soviet Union make up the first world. The developing countries in Asia, Africa, Latin America and other regions make up the third world. The developed countries between the two make up the second world.

190. The two super-Powers, the United States and the Soviet Union, are vainly seeking world hegemony. Each in its own way attempts to bring the developing countries of Asia, Africa and Latin America under its control and, at the same time, to bully the developed countries that are not their match in strength.

191. The two super-Powers are the biggest international exploiters and oppressors of today. They are the source of a new world war. They both possess large numbers of nuclear weapons. They carry on a keenly contested arms race, station massive forces abroad and set up military bases everywhere, threatening the independence and security of all nations. They both keep subjecting other countries to their control, subversion, interference or aggression. They both exploit other countries economically, plundering their wealth and grabbing their resources. In bullying others, the super-Power which flaunts the label of socialism is especially vicious. It has dispatched its armed forces to occupy its "ally" Czechoslovakia and instigated the war to dismember Pakistan. It does not honour its words and is perfidious; it is self-seeking and unscrupulous.

192. The case of the developed countries in between the super-Powers and the developing countries is a complicated one. Some of them still retain colonialist relations of one form or another with third-world countries—and a country like Portugal even continues with its barbarous colonial rule. An end must be put to this state of affairs. At the same time all these developed countries are, in varying degrees, controlled, threatened or bullied by the one super-Power or the other. Some of them have in fact been reduced by a super-Power to the position of dependencies under the signboard of its so-called "family". In varying degrees, all these countries desire to shake off super-Power enslavement or control and safeguard their national independence and the integrity of their sovereignty.

193. The numerous developing countries have long suffered from colonialist and imperialist oppression and

exploitation. They have won political independence; yet all of them still face the historic task of clearing out the remaining forces of colonialism, developing the national economy and consolidating national independence. These countries cover vast territories, encompass a large population and abound in natural resources. Having suffered the heaviest oppression, they have the strongest desire to oppose oppression and to seek liberation and development. In the struggle for national liberation and independence, they have demonstrated immense power and have continually won splendid victories. They constitute a revolutionary motive force propelling the wheel of world history and are the main force combating colonialism, imperialism and, particularly, the super-Powers.

194. Since the two super-Powers are contending for world hegemony, the contradiction between them is irreconcilable; one either overpowers the other or is overpowered. Their compromise and collusion can only be partial, temporary and relative, while their contention is all-embracing, permanent and absolute. In the final analysis, the so-called "balanced reduction of forces" and "strategic arms limitation" are nothing but empty talk, for in fact there is no "balance" nor can there possibly be "limitation". They may reach certain agreements, but their agreements are only a facade and a deception; at bottom they are aiming at greater and fiercer contention. The contention between the super-Powers extends over the entire globe. Strategically, Europe is the focus of their contention, where they are in constant tense confrontation. They are intensifying their rivalry in the Middle East, the Mediterranean, the Persian Gulf, the Indian Ocean and the Pacific. Every day they talk about disarmament but are actually engaged in arms expansion. Every day they talk about détente but are actually creating tension. Wherever they contend, turbulence occurs. So long as imperialism and social-imperialism exist there definitely will be no tranquility in the world nor will there be "lasting peace". Either they will fight each other or the people will rise in revolution. It is as Chairman Mao Tse-tung has said: "The danger of a new world war still exists, and the people of all countries must get prepared. But evolution is the main trend in the world today".

195. The two super-Powers have created their own antithesis. Acting in the way of the big bullying the small, the strong domineering over the weak and the rich oppressing the poor, they have aroused strong resistance among the third world and the people of the whole world. The peoples of Asia, Africa and Latin America have been winning new victories in their struggles against colonialism, imperialism and particularly hegemonism. The Indo-Chinese peoples are continuing to press forward in their struggles against United States imperialist aggression and for national liberation.

196. In the fourth Middle East war, the people of the Arab countries and Palestine broke through the control of the two super-Powers and the state of "no war, no peace" and won a tremendous victory over the Israeli aggressors. The African people's struggles against imperialism, colonialism and racial discrimination are developing in depth. The Republic of Guinea-Bissau was born in glory amidst the flames of armed struggle. The armed struggles and mass movements carried out by the peoples of Mozambique, Angola, Zimbabwe, Namibia and Azania against Portuguese

colonial rule and white racism in South Africa and Southern Rhodesia are surging ahead vigorously. The struggle to defend sea rights initiated by Latin American countries has grown into a world-wide struggle against the maritime hegemony of the two super-Powers. The tenth ordinary session of the Assembly of the Heads of State and Government of the Organization of African Unity,⁸ the Fourth Conference of Heads of State or Government of Non-aligned countries,⁹ The Arab Summit Conference¹⁰ and the Second Islamic Conference of Kings and Heads of State and Government¹¹ successfully voiced strong condemnation of imperialism, colonialism, neo-colonialism, hegemonism, zionism and racism, demonstrating the developing countries' firm will and determination to strengthen their unity and support one another in their common struggle against the hated enemies. The struggles of the Asian, African and Latin American countries and peoples, advancing wave upon wave, have exposed the essential weakness of imperialism, and particularly of the super-Powers, which are outwardly strong but inwardly feeble, and dealt heavy blows to their wild ambitions to dominate the world.

197. The hegemonism and power politics of the two super-Powers have also aroused strong dissatisfaction among the developed countries of the second world. The struggles of these countries against super-Power control, interference, intimidation, exploitation and the shifting of economic crises are growing day by day. Their struggles also have a significant impact on the development of the international situation.

198. Innumerable facts show that all views of overestimating the strength of the two hegemonic Powers and underestimating the strength of the people are groundless. It is not the one or two super-Powers that are really powerful; the really powerful are the third-world countries and the people of all countries uniting together and daring to fight and daring to win. Since numerous third-world countries and people were able to achieve political independence through protracted struggle, certainly they will also be able, on this basis, to bring about, through sustained struggle, a thorough change in international economic relations, which are based on inequality, control and exploitation, and thus create essential conditions for the independent development of their national economy by strengthening their unity and allying themselves with other countries subjected to super-Power bullying as well as with the people of the whole world, including the people of the United States and the Soviet Union.

199. The essence of the problems of raw materials and of development is the struggle of the developing countries to defend their State sovereignty, develop their national economy and combat imperialism, and particularly super-Power, plunder and control. This is a very important aspect of the current struggle of the third world countries and people against colonialism, imperialism and hegemonism.

200. As we all know, in the last few centuries colonialism and imperialism unscrupulously enslaved and plundered the

⁸ Held at Addis Ababa from 27 to 29 May 1973.

⁹ Held at Algiers from 5 to 9 September 1973.

¹⁰ Held at Algiers on 26 November 1973.

¹¹ Held at Lahore from 19 to 22 February 1974.

people of Asia, Africa and Latin America. Exploiting the cheap labour of the local people and their rich natural resources and imposing a lopsided and single-product economy, they extorted super-profits by grabbing low-priced farming and mineral products, dumping their industrial goods, strangling national industries and carrying on exchanges of unequal value. The richness of the developed countries and the poverty of the developing countries are the result of the colonialist and imperialist policy of plunder.

201. In many Asian, African and Latin American countries that have won political independence, the economic lifelines are still controlled by colonialism and imperialism in varying degrees, and the old economic structure has not changed fundamentally. The imperialists, and particularly the super-Powers, have adopted neo-colonialist methods to continue and intensify their exploitation and plunder of the developing countries. They export capital to the developing countries and build there a "State within a State" by means of such international monopoly organizations as "trans-national corporations" to carry out economic plunder and political interference. Taking advantage of their monopoly position in international markets, they reap fabulous profits by raising the export prices of their own products and forcing down those of raw materials from the developing countries. Moreover, with the deepening of the political and economic crises of capitalism and the sharpening of their mutual competition, they are further intensifying their plunder of the developing countries by shifting the economic and monetary crises onto the latter.

202. It must be pointed out that the super-Power which styles itself a socialist country is by no means less proficient at neo-colonialist economic plunder. Under the name of so-called "economic co-operation" and "international division of labour", it uses high-handed measures to extort super-profits in its "family". In profiting at others' expense, it has gone to lengths rarely seen even in the case of other imperialist countries. The "joint enterprises" it runs in some countries under the signboard of "aid" and "support" are in essence copies of transnational corporations. Its usual practice is to tag a high price on outmoded equipment and substandard weapons and exchange them for the strategic raw materials and farm produce of developing countries. Selling arms and ammunition in a big way, it has become an international merchant of death. It often takes advantage of others' difficulties to press for the repayment of debts. In the recent Middle East war, it bought Arab oil at a low price with the large amount of foreign exchange it had earned by peddling munitions, and then sold it at a high price, making staggering profits in the twinkling of an eye.

203. Moreover, it preaches the theory of "limited sovereignty", alleges that the resources of developing countries are international property and even asserts that "sovereignty over natural resources depends to a great extent upon the capability of the industry of the developing countries to utilize these resources". These are out-and-out imperialist fallacies. They are even more undisguised than the so-called "interdependence" advertised by the other super-Power, which actually means retaining the exploitative relationship. A socialist country that is true to its name ought to follow the principle of internationalism, sincerely render support and assistance to oppressed coun-

tries and nations, and help them develop their national economies. But this super-Power is doing exactly the opposite. This is additional proof that it is socialism in words and imperialism in deeds.

204. Plunder and exploitation by colonialism, imperialism, and particularly by the super-Powers are making the poor countries poorer and the rich countries richer, further widening the gap between the two. Imperialism is the greatest obstacle to the liberation of the developing countries and to their progress. It is entirely right and proper for the developing countries to terminate imperialist economic monopoly and plunder, sweep away these obstacles and take all necessary measures to protect their economic resources and other rights and interests.

205. The doings of imperialism, and particularly those of the super-Powers, can in no way check the triumphant advance of the developing countries along the road of economic liberation. In the recent Middle East war, the Arab countries, united as one, used oil as a weapon with which they dealt a telling blow at zionism and its supporters. They did well, and rightly, too. This was a pioneering action taken by developing countries in their struggle against imperialism. It greatly heightened the fighting spirit of the people of the third world and deflated the arrogance of imperialism. It broke through the international economic monopoly long maintained by imperialism and fully demonstrated the might of a united struggle waged by developing countries. If imperialist monopolies can gang up to manipulate the markets at will, to the great detriment of the vital interests of the developing countries, why cannot developing countries unite to break imperialist monopoly and defend their own economic rights and interests? The oil battle has broadened people's vision. What was done in the oil battle should, and can be done in the case of other raw materials.

206. It must be pointed out, further, that the significance of the developing countries' struggle to defend their natural resources is by no means confined to the economic field. In order to carry out arms expansion and war preparations and to contend for world hegemony, the super-Powers are bound to plunder rapaciously the resources of the third world. Control and protection of their own resources by the developing countries are essential not only for the consolidation of their political independence and the development of their national economy but also for combating super-Power arms expansion and war preparations and for stopping the super-Powers from launching wars of aggression.

207. We maintain that the safeguarding of political independence is the first prerequisite for a third-world country to develop its economy. In achieving political independence, the people of a country have only taken the first step, and they must proceed to consolidate this independence, for there still exist remnants of the forces of colonialism at home and there is still the danger of subversion and aggression by imperialism and hegemonism. The consolidation of political independence is necessarily a process of repeated struggles. In the final analysis, political independence and economic independence are inseparable. Without political independence, it is impossible to achieve

economic independence; without economic independence, a country's independence is incomplete and insecure.

208. The developing countries have a great potential for developing their economies independently. As long as a country makes unremitting efforts in the light of its own specific features and conditions and advances along the road of independence and self-reliance, it is fully possible for it to attain gradually a high level of development never reached by previous generations in the modernization of its industry and agriculture. The ideas of pessimism and helplessness spread by imperialism in connexion with the question of the development of developing countries are all unfounded and are being disseminated with ulterior motives.

209. By self-reliance we mean that a country should mainly rely on the strength and wisdom of its own people, control its own economic life-lines, make full use of its own resources, strive hard to increase its food production and develop its national economy step by step and in a planned way. The policy of independence and self-reliance in no way means that it should be divorced from the actual conditions of a country; instead, it requires that a distinction must be made between different circumstances and that each country should work out its own way of practising self-reliance in the light of its specific conditions. At the present stage, a developing country that wants to develop its national economy must first of all keep its natural resources in its own hands and gradually shake off the control of foreign capital. In many developing countries, the production of raw materials accounts for a considerable proportion of the national economy. If they can take in their own hands the production, use, sale, storage and transport of raw materials in exchange for a greater amount of goods needed for the growth of their industrial and agricultural production, they will then be able to resolve step by step the difficulties they are facing and pave the way for an early emergence from poverty and backwardness.

210. Self-reliance in no way means "self-seclusion" and a rejection of foreign aid. We have always considered it beneficial and necessary for the development of the national economy that countries should carry on economic and technical exchanges on the basis of respect for State sovereignty, of equality and of mutual benefit, and exchange needed goods to make up for each other's deficiencies.

211. Here we wish to emphasize the special importance of economic co-operation among the developing countries. The third-world countries shared a common lot in the past and now face the common tasks of opposing colonialism, neo-colonialism and great-Power hegemonism, developing the national economy and building their respective countries. We have every reason to unite more closely, and no reason to become estranged from one another. The imperialists, and particularly the super-Powers, are taking advantage of temporary differences among us developing countries to sow dissension and disrupt unity so as to continue their manipulation, control and plunder. We must maintain full vigilance. Differences among us developing countries can very well be resolved, and should be resolved, through consultations among the parties concerned. We are glad that

on the question of oil the developing countries concerned are making active efforts and seeking appropriate ways to find a reasonable solution. We, the developing countries, should not only support one another politically but we should also help each other economically. Our co-operation is a co-operation based on true equality and has broad prospects.

212. The third-world countries strongly demand that the present situation of extremely unequal international economic relations be changed, and they have made many rational proposals for its reform. The Chinese Government and people warmly endorse and firmly support all just propositions made by third-world countries.

213. We hold that in both political and economic relations, countries should base themselves on the five principles of mutual respect for sovereignty and territorial integrity, mutual non-aggression, non-interference in each other's internal affairs, equality and mutual benefit, and peaceful coexistence. We are opposed to the establishment of hegemony and spheres of influence by any country in any part of the world in violation of these principles.

214. We hold that the affairs of each country should be managed by its own people. The people of the developing countries have the right to choose and decide on their own social and economic systems. We support the permanent sovereignty of the developing countries over their own natural resources, as well as their exercise of it. We support the actions of the developing countries to bring all foreign capital, and particularly transnational corporations, under their control and management, up to and including nationalization. We support the position of the developing countries for the development of their national economy through "individual and collective self-reliance".

215. We hold that all countries, big or small, rich or poor, should be equal, and that international economic affairs should be jointly managed by all the countries of the world instead of being monopolized by the one or two super-Powers. We support the full right of the developing countries, which comprise the great majority of the world's population, to take part in all decision-making on international trade, monetary, shipping and other matters.

216. We hold that international trade should be based on the principles of equality, mutual benefit and the exchange of needed goods. We support the urgent demand of the developing countries to improve trading terms for their raw materials, primary products and semi-manufactured and manufactured goods, to expand their markets and to fix equitable and favourable prices. We support the developing countries in establishing various organizations of raw material exporting countries for a united struggle against colonialism, imperialism and hegemonism.

217. We hold that economic aid to the developing countries must strictly respect the sovereignty of the recipient countries and must not be accompanied by any political or military conditions or the extortion of any special privileges or excessive profits. Loans to the developing countries should be interest-free or low-interest and should allow for the delayed repayment of capital and interest, or even the reduction or cancellation of debts in

case of necessity. We are opposed to the exploitation of developing countries by usury or blackmail in the name of aid.

218. We hold that technology transferred to the developing countries must be practical, efficient, economical and convenient for use. The experts and other personnel dispatched to the recipient countries have the obligation to pass on conscientiously technical know-how to the people there and to respect the laws and national customs of the countries concerned. They must not make special demands or ask for special amenities, let alone engage in illegal activities.

219. China is a socialist country, and a developing country as well; China belongs to the third world. Consistently following Chairman Mao's teachings, the Chinese Government and people firmly support all oppressed peoples and oppressed nations in their struggle to win or defend their national independence, to develop the national economy and to oppose colonialism, imperialism and hegemonism. This is our bounden internationalist duty. China is not a super-Power, nor will it ever seek to become one. What is a super-Power? A super-Power is an imperialist country which everywhere subjects other countries to its aggression, interference, control, subversion or plunder and strives for world hegemony. If capitalism is restored in a big socialist country, that country will inevitably become a super-Power. The Great Proletarian Cultural revolution, which has been carried out in China in recent years, and the campaign of criticizing Lin Biao and Confucius now underway throughout China, are both aimed at preventing capitalist restoration and ensuring that socialist China will never change its colour and will always stand by the oppressed peoples and oppressed nations. If one day China should change its colour and turn into a super-Power, if it, too, should play the tyrant in the world, and everywhere subject others to its bullying, aggression and exploitation, then the people of the world should identify it as social imperialism, expose it, oppose it and work together with the Chinese people to overthrow it.

220. History develops in struggle, and the world advances amid turbulence. The imperialists, and the super-Powers in particular, are beset with troubles and are on the decline. Countries want independence, nations want liberation and the people want revolution: this is the irresistible trend of history. We are convinced that, so long as the third-world countries and people strengthen their unity, ally themselves with all forces that can be allied with and persist in a protracted struggle, they are sure to win continuous new victories.

221. Mr. AMOUZEGAR (Iran): Mr. President, your election to the high office of President of this special session of the General Assembly is not only a recognition of your long and distinguished service to the United Nations and of the most efficient manner in which you conducted the proceedings of the twenty-eighth session, but also a telling reflection of the esteem in which your country and you personally are held within the community of nations. It is also a symbolic acknowledgement of the growing voice of Latin America in world affairs.

222. I should also like to reiterate our admiration and support for Secretary-General Waldheim and to express our

deep appreciation for all he does to advance the purposes of the Charter and thus the interests of peace. In this connexion I wish to add that we listened with admiration to his very important remarks yesterday concerning the international economic situation [2207th meeting].

223. I wish also to express our gratitude to the Algerian delegation, which upon the timely initiative of President Boumediène called for this historic gathering. The magnificent response and the high-level participation we witness here is a worthy tribute to that initiative.

224. This special session of the United Nations General Assembly provides an opportunity to examine the present world economic situation in the context of the continuing, and indeed aggravating, economic crisis and to intensify our efforts in promoting the well-being of mankind. It must be admitted that the efforts so far made have fallen far short of the requirements of our common goals, and the problems have continued to multiply. It must also be recognized that the sharply rising prices of food-stuffs, industrial raw materials and manufactured products following the break-down of the world monetary system have brought upon us problems of an unprecedented nature, the solution of which will require new and difficult approaches and not the simple repetition of the old prescriptions which never proved effective or practical.

225. Our present-day world has been characterized by great disparities in the availability of resources and techniques to develop them and in the distribution of output and consumption among member nations. The resources of our planet are being over-exploited, and to a considerable extent wasted, to sustain an ever rising standard of living in a few affluent and over-consuming countries. Never in the history of human experience has there been as much waste together with as much destruction of the environment as we have witnessed during the last few decades. This phenomenon has been the consequence of a price policy deliberately adopted by industrial countries and multinational corporations which exploit resources for the short-term benefit of themselves and their mother countries with little regard for the long-term interests of mankind.

226. Against such abundance, prosperity and waste, we witness misery, hunger, disease and ignorance plaguing over one half of the world's population. The increasing permissiveness in industrial countries is matched by rising dissatisfaction, disorder and revolt in developing countries. Idealism and a sense of community assistance has given way to the growing indifference of industrialized countries to the problems of less developed nations, as is indicated by declining aid notwithstanding their ever-increasing prosperity. In the whirlpool of development, the contributions of the industrial countries to the developing nations have indeed been waning. During the period 1967 to 1972, though the average annual rate of growth of industrial countries was about 5 per cent, their contribution in the form of official development assistance fell from 0.42 per cent of their gross national product in 1967 to 0.34 per cent in 1972.

227. The creation of super-giant economic blocs has resulted in more protective and discriminatory trade policies and practices towards the non-member countries,

especially the developing world. The creation of these economic blocs has contributed to the deterioration in terms of trade of developing countries. The inflationary policies pursued by advanced countries resulted in the break-down of the world monetary order. This in turn was in part instrumental in destroying the stability of international economic relations with a resultant shortage of commodities and raw materials.

228. This list of problems can be supplemented by a host of others. To cope with such pressing problems, the international community will have to take bold and decisive measures to bring about a new international economic order and to formulate and implement a comprehensive programme of action. I am indeed happy to note that the Group of 77 developing countries has prepared and submitted two papers for the consideration of this Assembly.¹²

229. In connexion with the points that I have just raised, I should like to draw the attention of the Assembly to the following considerations.

230. First, I feel that new criteria and realistic approaches will have to be found for development, since nature's resources simply cannot cope with the excessive demand of a few, on the one hand, and the urge and desire of many to attain the living standard of those few, on the other. As an example, should the world as a whole wish to attain the United States rate of oil consumption, the generosity and patience of nature would be exhausted in less than a decade. Hence, new rules and principles need to be evolved for the rational and efficient utilization as well as for the conservation of nature's resources, on the understanding that the gap between the rich and the poor cannot be filled without some serious revision in the accelerated, and to some extent unwarranted and excessive, affluence of the developed countries. We have to stop the plundering and wastage of these resources by advanced technologies, through the adoption of an international code of conduct governing the transfer of technology. Let us bear in mind our historic duties and responsibilities, and pay serious attention to the needs of posterity. We should also constantly remind ourselves that the post-Second World War miracle of material prosperity and soaring consumption was achieved at least partly at the expense of the wasteful use of energy, colossal environmental degradation, air and water pollution, soil erosion, noise, junk piles and other material disamenities brought upon our good earth. If this continued, we would be following a collision course with long-term environmental considerations as well as with the total depletion of nature's resources.

231. Secondly, the international trade structure requires a major overhaul. There is a desperate need for the promotion of market stability and a fundamental improvement in the terms of trade of developing countries. Due consideration should be given to the establishment of a proper ratio between the prices of primary products and those of manufactured goods, to the creation of buffer stocks and to provisions for their financing, to the removal of discriminatory practices, to provision for market accessibility, and

to a mechanism for a more effective supervision of the multinational corporations.

232. Thirdly, there is an urgent need for the establishment of a new world monetary system. Unfortunately the efforts which were being made in the Committee on Reform of the International Monetary System and Related Issues appear to be somewhat relaxed in recent months, after the Rome meeting. Currencies continue to float. Global liquidity continues to be maldistributed among nations. Galloping inflation and disruptive capital flows hinder the development of world trade. The new monetary order should serve the interests of the entire international community particularly those of the developing nations. Measures should be taken to ensure the full participation of the developing countries in the elaboration of the new monetary system, and appropriate arrangements should be made for the transfer of real resources to developing countries.

233. Fourthly, assistance to the less developed nations needs to be expanded substantially. The richer nations should be prepared to shoulder their responsibilities towards the less fortunate members of the world community thereby contributing to the reduction of international tension. To achieve this goal my Government calls upon all the member nations of this Assembly to undertake the following: first, to meet the aid targets of the Second Development Decade; secondly, to approve and implement the "link" proposal as an integral part of the new world monetary system, through which additional special drawing rights would be provided to developing countries either directly or through international financial institutions; thirdly, to establish a new extended facility in IMF for special assistance to developing countries with balance-of-payments difficulties—parallel to the establishment of the proposed "oil facility"; and fourthly, to establish a new special development fund for the purpose of financing development projects and urgent balance-of-payments needs in the less developed countries, to which I shall refer a little later.

234. Bearing in mind the subject and the purpose of this gathering, I should like to refer to one important raw material of great interest, namely petroleum, and the question of the so-called energy crisis. In an effort to clarify this very complex question, I wish to take this opportunity to explain the developments which led to the rise in oil prices and to state our views as to how the short-term problems which will be faced by the oil-consuming nations may be solved.

235. Representatives are no doubt aware that, as in the case of many other raw materials, the price of oil before the recent adjustment bore no relation to its economic value and opportunity cost in terms of other forms of energy. It was a depressed price reflecting in part a deliberate and deceitfully plausible policy on the part of the industrial world to keep premium energy prices below their true value. A cursory review of the economic factors, which were in no way reflected in the previous artificially controlled price of oil, would demonstrate the necessity for the price adjustment. For nearly a quarter of a century the uninterrupted supply of cheap oil from developing countries helped the advanced nations to raise their industrial production, to boost their exports, to save their own solid

¹² Subsequently circulated as documents A/AC.166/L.47 and L.48.

fuel resources, to improve their balance of payments and to build up large foreign-exchange reserves. The price of such prosperity in the industrialized countries was partly at the oil producers' expense.

236. As an example, the price of Iranian crude oil was fixed by the oil companies at \$2.17 in 1947. Thirteen years later in 1960, the same price dropped to \$1.79 and remained the same throughout the 1960s, while the real market price had declined to the level of even \$1.30 a barrel by 1970. At the same time the developing countries had to import their requirements from industrial nations at rising prices. Between 1947 and 1973, while the price of oil dropped, the average price of 28 basic commodities—excluding oil—increased more than 350 per cent. This increase does not include the cost of services and of technology and the price of manufactured products, which have accelerated by an even higher percentage. The increasing consumption of low-cost petroleum combined with declining prices for it, contributed greatly to the widening of the gap between developed and developing nations.

237. In a competitive market the price of any commodity should be comparable to the price of its closest substitute, which in the case of oil must take into account the cost of obtaining energy from other sources such as coal, shale oil and atomic energy. Similarly, the price should reflect the "opportunity cost" of the commodity. Thus the price of crude oil used as a source of fuel should correspond to its alternative value when used as a base for petrochemicals.

238. In making the price adjustment, these facts were taken into account. It was also recognized that oil was an exhaustible commodity the reserves of which would be completely depleted if the present careless and wasteful consumption, encouraged by the low price, continued to increase at the same rapid rate. The Governments of oil-producing nations had a duty to their people and to their unborn and oil-less future generations not only to take measures to conserve this highly valuable asset, but also to trade it on optimal terms particularly through an improvement in the terms of trade with their rich partners.

239. Apart from those considerations, the distribution of the selling price in the major importing nations was not in any way equitable to the oil-producing nations. For every dollar paid by the consumer for oil, only 9 per cent reached the producer and the rest went mainly to the oil companies and to the Governments of oil-importing countries in the form of taxation. The excise taxes imposed by the industrial countries on retail gasoline alone in 1972 ranged from a low of 32 per cent in the United States of America to a high of 78 per cent in Italy, with Japan, France, Great Britain and the Federal Republic of Germany in the 55 to 70 per cent range. In all these cases, the taxes charged by the industrial consumer Governments had exceeded the oil-exporting countries' share per barrel of oil by almost four times—thus illustrating again the low prices received by the exporting nations for their oil. It has been calculated that the European Governments in 1973 were taxing oil products by an average amount equivalent to \$8 a barrel of crude, while the income of exporting countries in the Persian Gulf even after the price rise is about \$7 a barrel

now, that is, less than the taxes collected by the European countries in 1973.

240. It was in view of these incontrovertible facts that the price of crude petroleum had to be adjusted to its new level. In a wide-ranging interview, His Imperial Majesty the Shahanshah of Iran, outlining the reasons for the price change, advised the world to look for and to develop other sources of energy and to use oil mainly for the protection of petrochemicals, using other materials as sources of energy, since otherwise this highly precious commodity would be exhausted in about 30 to 40 years.

241. Now, to our amazement, voices are heard in some quarters saying that present prices for petroleum are unmanageable, that they may cause inflation, recession and unemployment in the advanced countries of the world. Does this mean that economic growth and affluence in the industrial countries have to depend on a transfer of real resources from developing nations at such low prices and in such large quantities as to satisfy the ever-increasing demand of over-consuming societies? Cheap oil not only widened the gap between the developed and the developing nations, but was responsible for a world-wide shortage of energy. Its artificially low price discouraged the search for new sources of supply; helped hold down prices of substitutes such as coal and gas, and thus dampened their development prospects despite their huge reserves; delayed research in the development of more efficient technology for the economical use of other energy sources; and, finally, contributed to an inexcusably reckless waste and inefficient use of world premium fuels.

242. Those who advocate lowering the price of oil are not conscious of the fact that the cheaper the oil the more wastefully it will be used, as we have witnessed in the past quarter of a century. A true and realistic price for petroleum would induce people to save and would provide adequate incentive for research in its more efficient use.

243. As regards the inflationary impact of the rise in oil prices, it has been estimated that imported oil will contribute only about 1 per cent to the price rise in the industrial countries, while the general price rise has approached an average of 12 per cent in these countries. Thus the higher oil prices will have little inflationary impact in industrial countries of the world. With respect to the alleged recessionary effects of oil prices in developed countries, it must be noted that the recession was being forecast long before the oil-price adjustment. Recent forecasts, however, predict even a much milder recession and a transitory one at that.

244. Thus is this "crying wolf" not a diversionary tactic to blame oil prices for all the misfortunes of the world and particularly for the plight of developing nations? In fact, the high prices of food-stuffs and fertilizers and their shortages, which have their origin in the developed nations, are by far the most important problems that the less-developed nations are facing. For instance, in a major developing country, soaring food prices—mostly imported—have accounted for the 60 per cent of the size in the price index in 1973. If cheap oil could be the answer to the problems of developing nations, why did not an abundance of cheap oil for nearly a quarter of a century help solve

their problems of misery, poverty, illiteracy and overpopulation? Why did the so-called "Development Decade" end in disappointment?

245. The prices of wheat, edible oils, cement and fertilizers, for example, trebled and quadrupled, while those of wool and of iron and steel products were doubled, and for certain petrochemical products the increase was up to 30 times. Specifically, the export price of a ton of wheat, which was about \$72 in 1973, rose to about \$223 in March 1974. The developing countries, which are expected to import 26.7 million metric tons of wheat during this year, are to pay almost \$6,000 million to the developed nations, thus indicating a rise of about \$4,000 million in their import bill for wheat alone. Thus, not only will the developing countries have to pay much and unprecedented higher prices for imports of these essential commodities from the developed world, but they are faced with the menace of a scarcity of these products in 1974. But the developed countries seem to turn a deaf ear to these problems and are only interested in the so-called oil crisis. In such an inflationary situation, how could the price of oil remain unaffected?

246. In these circumstances, the recent price adjustment for crude petroleum was justified; it gives it a true value, discourages its wasteful use and encourages the development of alternative sources of energy in time to avoid a great catastrophic energy crisis. The achievement was a most significant development in the area of commodities since it was a major breakthrough in the struggle of developing countries to seek equitable solutions to the difficult problem of exporting their raw materials at fair prices to the industrial countries. It was an action on their part to develop their economies, not through foreign aid, not through concessionary loans, not by force, but through the full-cost pricing of their precious and fast-dwindling asset. They can hardly be blamed for this.

247. However, we have not lost sight of the immediate problems with which a larger number of countries, especially the less developed nations, are confronted. Because of the rising prices of food-stuffs, raw materials and industrial goods, we do not underestimate the effect on the balance of payments which will have to be resolved in a spirit of co-operation and understanding between the interested parties. Iran has been cognizant of this problem and, in sympathy with the countries faced with additional difficulties resulting from scant economic development, has put forward constructive proposals to deal with the situation.

248. It was in this context that, on 22 February 1974, at the initiative of His Imperial Majesty the Shahanshah of Iran, the Iranian Government announced a series of wide-ranging measures aimed at increasing world liquidity and providing additional resources for the development of less advanced countries. To this end, Iran pledged no less than \$1,000 million [see A/9548].

249. At the core of these proposals is the establishment of a new special development fund with an initial capital of \$2,000 million to \$3,000 million to be financed jointly by the oil-exporting and the industrialized countries. The main purpose of this fund is to assist the financing of economic development in the developing countries through the

provision of soft loans at very low interest rates for durations of 25 to 30 years. To ensure its objectivity, fair dealing and impartiality, the fund is to be administered by a governing board in which the oil-exporting, the industrialized and the aid-receiving countries—the latter group not making financial contributions—are equally represented on a "one man, one vote" basis. It is the first time in the history of development assistance that the leader of a country has proposed a plan which envisages that the recipient countries will have a voice in the policy of receiving aid. Membership in the new fund will be open to all: West, East, developed and developing countries alike. The fund is to render assistance to less developed nations on the basis of need and not political affiliation.

250. The new institutions will make concessionary loans to developing countries in financial difficulties, both for development projects and for balance-of-payments support. It will have a board of governors, composed of representatives of borrowing as well as of lending countries. On the board of governors the developing countries, the oil-exporting countries and the developed nations are to have equal representation. The responsibility of the board of governors is to determine basic guidelines and general policy directions. An executive board, to be elected by the board of governors on the basis of professional competence, will be responsible for day-to-day operations. The technical and administrative support requirements of the new fund could be met by the management and staffs of appropriate international agencies, such as the International Bank for Reconstruction and Development and the IMF.

251. The principal purpose of the new fund will be to extend long-term credit on concessionary terms for project financing. For the immediate future, however, owing to severe balance-of-payments difficulties faced by some developing countries, special assistance can also be offered for this purpose on concessionary terms. To work out the details of Iran's proposal, an *ad hoc* committee could be established to study, examine, and co-ordinate this proposal and similar proposals with a view to reaching a final consensus.

252. The thirtieth session of the Economic Commission for Asia and the Far East, which concluded its meeting in Colombo, Sri Lanka, this week-end, has warmly welcomed the foregoing proposal and has drawn the attention of the present session of the General Assembly to this and other initiatives, inviting it to consider means of giving early effect to their basic objectives [see A/9546].

253. In conclusion, I should like to state that the plan that His Imperial Majesty the Shahanshah of Iran has proposed is as imaginative and as important a proposal for the future of developing countries as the Marshall Plan was for the rehabilitation of Western Europe. It is further unique in this respect: that the institution to be created knows no boundaries. It is the first time that the donor countries will provide money but will not attach strings to it, that the money will be allocated for projects in developing nations by independent experts and not by representatives of Governments. This plan, from a humanitarian point of view, is worthy of attention. Let us not forget that, no matter what our affiliation or ideology is, humanism is a complement of individualism, a complement which, if the

need arises, can be used as a counterpoise—and the need is there. We feel it and we have committed ourselves to meeting it. Iran has already provided the World Bank with \$200 million for this year. We have also pledged \$150 million on concessionary terms for the proposed special development fund. The total volume of our bilateral and multilateral assistance in 1974 will amount to over \$1,500 million, which, relative to our gross national product, exceeds the contribution of any other country, developed or developing, in the history of development assistance. We believe that it is within our power collectively to arrive at a new balance and order in international economic affairs. I hope we shall not miss the opportunity.

254. Mr. ENNALS (United Kingdom): Mr. President, I should like to begin by expressing pleasure at your re-election as President of this special session. You will bring to our work, as you did to the work of the twenty-eighth session of the General Assembly, the many years of experience that you have acquired in the distinguished service of your own country as Permanent Representative here.

255. I should like also to say how glad I am to see the Secretary-General on this platform. Since this is the first occasion on which a British Labour Minister has addressed the Assembly since Mr. Waldheim's election to his high office, I should like to take this opportunity of saying how greatly we have admired the selfless devotion he gives the monumental tasks with which he is charged.

256. My Government in its election manifesto pledged itself to the pursuit of peace and justice in a safer world. If I may, I should like to give one quotation from that manifesto:

"The foreign policy of a new Labour Government will be guided by four main principles. One, —and I need to quote only the first of these—"we shall seek to strengthen international organizations dedicated to the promotion of human rights, to the rule of law, and the peaceful settlement of disputes. In particular, we shall rededicate Britain to the ideals of the United Nations . . .".

257. Lip service to United Nations principles is very easy. These principles are too often debased by rhetoric and reiteration. Therefore I do not expect to convince the Assembly by words; my Government is fully prepared to be judged by its actions. We shall act, whenever we can honestly see the opportunity, to strengthen and sustain this great world Organization.

258. I have a personal commitment to this. I speak as a former member of the United Nations Secretariat and as a former Secretary of the United Nations Association in my own country. I speak as one who attended the very first session of the General Assembly back in 1946. And I speak today as a representative of a Government to which internationalism is far more than a slogan; it is a deep article of our political faith. That is one reason why this special session has great significance for my Government. The international system today is under severe strain and we must, in the face of this challenge, preserve the spirit of internationalism.

259. President Bounediène, whose speech contained so many important concepts, has done us all a service in calling for this special session of the General Assembly. For what is at stake is no less than the future of the world's economy. The issues are not ones which will be settled in the mere three weeks of our session; yet we can create at this session the political climate which will help to determine whether the world is set on the route to economic prosperity for the benefit of us all, or to economic recession to the detriment of all and the benefit of none. This is indeed a challenge, and it is for the United Nations and the Member States the greatest test of their capability in the field of economic peace-keeping.

260. In these three weeks we shall be trying to lay the groundwork for a new phase of economic co-operation between nations. Economic relationships, like all other relationships, are never static; they are constantly evolving, and the United Nations family of organizations has been active from the start in guiding this evolution. But the pace has been slow, much too slow. The responsibility for this is shared both by those who have been unduly cautious and by those who have, through their understandable impatience, run ahead of what can be achieved. Recent developments have shown clearly, however, that our common interest requires that much more impetus be given to the process of constructive change.

261. In this Assembly we must do two things: we must see just where we are now and where we want to go. This means that we must aim to achieve a genuine meeting of minds, expressed through real consensus which does not require columns of reservations to be attached to the agreement.

262. The background to where we are now is the unprecedented post-war expansion in world economic activity. But, as has been said by other speakers, not all countries were able to participate equally in this expansion because of the different stages of their development. So, although all benefited, the benefits were very unevenly distributed. And during this period the countries of the industrialized West provided, and in some cases created, a market for the products of developing countries. They made access to their markets progressively easier. They provided aid, much-needed capital and technological investment on an unprecedented scale. Nevertheless, the gap between rich nations and poor nations, far from shrinking, has grown progressively wider. That is a situation which my Government, dedicated to a more equal distribution of wealth at home, cannot accept in the world. As never before, prosperity, like peace, is indivisible.

263. We are now in a new and disturbing world economic situation in which there are new challenges to be overcome if world prosperity is both to increase and to be evenly distributed. It may perhaps be easier for a newly elected Government to assess the full impact of the new developments.

264. Firstly, there is inflation. We are all perhaps more conscious of the price of what we buy than what we sell. The price we pay for what we buy is something which affects us all. But we must all recognize the danger when our selling prices rise either through the effect of inflation

or by decisions to raise them. Price increases hit us all. And as one of the countries most dependent upon world trade, we in the United Kingdom particularly suffer from every twist of the world inflationary spiral. The Secretary-General's recent study [*A/9544 and Add.1-3*] has drawn to our attention the enormous increases in the price of oil and other raw materials. And, although these increases are not the only factor of course, they have been a major cause of the most serious balance-of-payments difficulties which we in the United Kingdom have known in modern times. But inflation is all-pervasive; it has shown how interdependent the world is. We all have the strongest interest in keeping inflation under control. Inflation imperils economic growth; it disheartens those whose efforts, enterprise and forethought are needed to make a better future for us all.

265. Secondly, there is the danger of recession, which was referred to by Mr. Jobert, the Minister for Foreign Affairs of France. We cannot ignore the danger of a recession in world trade that could hit us all, but which would bear most heavily on the weakest partners in the world economy. No responsible Government could view such a situation as other than an expression of our collective failure: failure to control increased inflation; failure to avoid disruption in the system of international payments; and, to compound the failure, a lapsing into restrictive, selfish policies which in the end serve the interests of no single member of this Assembly—and certainly not the interests of my country.

266. Thirdly, already a tragic reality for some but looming as a long-term fear for all, is the prospect that world population growth will outstrip our ability to expand food production. On current trends, the world's population may almost double by the turn of the century. The greater part of this growth will be, as you know, in the less developed areas of the world. The population growth in those countries will require an annual rate of increase in food production half as large again as has been achieved in recent years. And if this is not achieved, the world faces the prospect of famine and starvation in many areas and serious repercussions on the health and working ability of the adult population. For many countries represented here today fertilizers are the link between oil and food.

267. For the past 20 years surplus food grains in exporting countries have provided the world with what the Director-General of the Food and Agriculture Organization of the United Nations has called a "cushion against adversity"; but these stocks are, we know, rapidly dwindling. We must at this session bear in mind the two important world conferences, on food and on population, which will take place later this year and in both of which the United Kingdom Government is determined to play a full and constructive role.

268. And, fourthly, there is the question of resources. A new and striking element is that we have all become aware of the finite quality of the world's supply of resources, either renewable or non-renewable. As the Iranian Minister of Finance said from this platform a few minutes ago, the world's resources are not unlimited and it would be the height of irresponsibility if we were to ignore this at a time when the world's population is growing so rapidly and when men's demands on the raw materials are increasing.

Those who have the stewardship of natural resources are doing us a service in calling attention to the need to respect them and to use them wisely.

269. It is right that, in seeking material progress and a rising standard of living, we should be conscious of the need to maintain the quality of our environment and not to damage or use wantonly the resources of the earth's surface, of its waters and of the atmosphere. There is a price to be paid for material progress but there is no fundamental conflict between the aims of those who want a decent standard of living and those who want a good environment. We are the same people. It is right then that more and more we are beginning to think in terms of resource management. Resource management comprises two elements: increasing the supply and making more efficient use of what is already available. The sea bed offers dramatic possibilities as regards the first of these elements, but there are others and what I should like to see is the United Nations family draw its endeavours together in a more co-ordinated framework. I would suggest that at this session we agree on a renewed drive by the Economic and Social Council to co-ordinate our efforts in the exploration, conservation and utilization of world resources.

270. Though the dangers in the present situation are common to us all, it might at first sight appear that our interests are divergent. In fact I believe that our interests are complementary. The industrialized countries, for their part, need raw materials at reasonable and reliable prices, and they need outlets for their manufactured products.

271. The developing countries, in their turn, need the markets that the industrialized countries can offer. They also need the investment, aid and technology that the industrialized countries can provide, and products at prices they can afford, so that they can proceed with the expansion and diversification of their own economies. Those who are exporters of raw materials need remuneration, and steady and secure prices.

272. While accepting that our interests are complementary we all have a duty not to neglect our own national interests. I remember writing in 1962:

"No country will consciously act against its national interests. The task of the U.N. is to harmonise these national interests, to prove that, on balance, national interests are best served by co-operation and to facilitate such co-operation."¹³

273. We have been talking about obligations and privileges. This is fair enough when we are talking about the general principles of international behaviour such as are being elaborated in the imaginative proposal of the President of Mexico for a Charter of Economic Rights and Duties. But when we get down to the detailed discussion of individual issues, it may perhaps be misleading to speak in the shorthand terms of rights and duties, especially if it is implied that all the rights are on one side and all the duties are on the other. Are we not more honest with ourselves if we talk in terms of what we need or want and of what we

¹³ David Ennals, *United Nations on Trial*, Fabian Research Series 227 (London, Davenport Press Ltd., 1962), p. 17.

can offer or give in fair exchange? I believe that this realistic approach will lead to the evolution of an economic relationship which transcends our divergent interests and results in growing and more evenly spread prosperity for all nations, not in disorder, not in dislocation.

274. We must consider what we can each contribute to avert the dangers that beset us and advance the cause of world economic development. To paraphrase the late President Kennedy, we should not ask what the United Nations can give us, but rather what we can give the United Nations.

275. Let me start with what the countries of the industrialized West can contribute. We must demonstrate an understanding of the aspirations of developing countries. We must be ready to adopt a constructive approach to raw materials questions, and to the promotion of the trade of developing countries on the basis of fair and steady prices, fair both to the consumers and the producers, and arrived at, where appropriate, through commodity agreements.

276. A key element in the International Development Strategy worked out for the Second United Nations Development Decade is the transfer of resources. The document [resolution 2626 (XXV)] stresses that developing countries must and do bear the main responsibility for financing their development, a point that was made this morning by President Boumediène. But the document also sets out goals for the economically advanced countries to achieve. As regards official aid, we have ourselves amply demonstrated our determination to do everything we can. We subscribed at the Washington Energy Conference in February to the view that aid donors should make strenuous efforts to maintain and enlarge the flow of development assistance. We have announced that we shall seek to increase the provision of aid; and we take this commitment seriously. Our capacity to help the less developed countries will obviously be determined to a large extent by the pace of our own economic recovery; but within that limitation we shall seek to move in the years ahead towards the 0.7 per cent target for official development assistance.

277. There is one other thing which I believe we can contribute and which is especially important at this special session of the General Assembly. We need a greater recognition perhaps than we have shown in the past that the countries of the world which have achieved independence since the United Nations came into being rightly expect to be masters of their own destinies. They rightly claim a full part in the taking of decisions which affect our joint future, whether in the political or in the economic sphere. This is a situation which the British Government, whose domestic policy is fairly and firmly based on the principle of equality in decision-making, entirely accepts. There cannot be in the world or in the United Nations first and second class nations.

278. But the contribution to the common cause cannot come only from the Western countries. The industrialized countries of Eastern Europe also have an important part to play. My Government is in no doubt that success in the process of détente would be of the greatest value to us all. I am thinking not only of the Conference on Security and

Co-operation in Europe and of the negotiations on mutual and balanced force reductions; I am also thinking of bilateral relations. But these in themselves, important though they are, are not enough. We hope to see these countries playing a much larger and more constructive part in multilateral efforts to promote world development and to narrow the gap between the "haves" and the "have-nots".

279. To the developing countries in particular I say this: in the past we have assumed that capital for development and the necessary technology are found in the same place. That is patently no longer true. Many estimates have been made of the balance of payments surpluses which will be earned by some of the oil-producing countries this year. There are also forecasts of the surpluses which—other things being equal—will not be absorbed by the international monetary system. This is not only a monetary problem. We need to consider how these surpluses can be harnessed to the needs of development. I warmly welcome the many ideas, advanced for example by the new Managing Director of the IMF, Mr. Witteveen and by the oil-producing countries, and I would make special mention of the imaginative and generous offer of His Imperial Majesty the Shahanshah of Iran.

280. To us all—developing and industrialized—I would say this: the international community today faces a most urgent challenge—it is the plight of those developing countries which do not produce oil and do not export raw materials in significant quantities. These nations have not gained export receipts on the scale necessary to meet their greatly increased import bills. The world must move fast to help countries in this category. Mr. Scheel has already spoken about this in his statement on behalf of the European Economic Community, and we in the United Kingdom have close connexions with a number of these countries and our own development assistance programme has long laid emphasis on them. Some of them have been very hard hit indeed. The world community must do more to help them, must do it quickly and must do it on the basis of concerted action. As Mr. Scheel pointed out in his statement, the Community is willing to examine immediately with all the States and international organizations concerned the most effective arrangements for exceptional international action to help these countries face their difficulties. As he made clear, the Community is prepared to play an active part in this task.

281. In conclusion, our theme must be one of co-operation. The new economic situation in which the world now finds itself is far too dangerous for old conflicts to be revived. Any country which seeks to promote confrontation rather than co-operation—as the President of the Liberian Republic said this afternoon—will have miscalculated the urgent needs the Assembly faces today. I can assure this special session of the General Assembly of the United Nations that my country will be anxious, both during this session and afterwards, to work with other Member States to create a new era in what I have called "economic peace-making".

282. Mr. VAZQUEZ-CARRIZOSA (Colombia) (*interpretation from Spanish*): This special session of the General Assembly is the outcome of the events that followed the

war in the Middle East and at first appeared as a discussion of the supply of energy-producing materials by some countries of that region to Europe, the United States and Japan. We have now virtually overcome this first phase of crisis and supplies have been resumed to the large industrial markets that do not possess their own sources of oil.

283. We shall not attempt to fall back on the well-known theory of the German strategist Karl von Clausewitz and say that what we are now seeing is the continuation of the same war by other means. Suffice it to say that the producing countries have become aware of the power they possess vis-à-vis the consumer nations and have turned that raw material into an instrument of policy. This very special fact, which created a crisis in international relations, has also led to an obvious rise in the cost of oil and served as a warning to mankind that it has become urgent to draw up a world-wide inventory of resources and needs in all kinds of raw materials.

284. Economic policies as a whole must be analysed in terms of goals for the year 2000 if we wish to escape the catastrophic prophecies of some circles. The "Club of Rome", mainly in its predictions concerning the "Limits of Growth", has shown the dangers run by the consumer society by not adopting prudent policies and by continuing in its excessive waste of metals and motors to satisfy unnecessary habits. This consumer society, which a North American writer has termed one of "manufacture for waste" seems to be going through its own crisis. We all might well be watching the spectacle of the end of the *belle époque* of the society of opulence and waste.

285. On the other hand, the most basic human needs of the peoples of the developing countries have yet to be satisfied for a great part of mankind. This is due to the conditions prevailing in an unjust international economy that allows benefits to be distributed to some privileged zones and to what Marcuse calls the definition of standards of living on the basis of automobiles, television antennas and the refinements of a society resting simply on the quantitative concept of the great consumers. The moment has therefore come to revise the international division of labour which has left a few of the wealthy administering the poverty of many needy peoples.

286. The need for a new international order is borne out by the increasing inequalities between the industrialized countries and the members of the third world, by the insecurity surrounding the future of the world monetary system and by the upsets in the balance of world prices that have created a world-wide phenomenon of inflation. We stand at a critical moment in international economics. The yardsticks and the criteria for development that were discussed at the end of the Second World War are now obsolete and the regulating organizations of the monetary system and of international trade themselves call for profound and sweeping reform.

287. The case of oil can serve as an example of an international economy that for many long years has been plagued by unjust situations, yet lacks regulating organs to avoid them. For two decades—from 1947 to 1969—the price per barrel of oil from the Persian Gulf was under \$2 and during that period the price fell substantially, while

Europe was being reconstructed with the \$20,000 million of the Marshall Plan. That gives ground to the contention that the low price of crude oil manifestly contributed to the prosperity of Europe, together with the low cost of grains and raw materials that were the basis for the large industrial output of the wealthy countries in the framework of an international division of labour inherited from the first years of colonial capitalism.

288. It is therefore not surprising that, lacking appropriate international machinery, the countries possessing immense potential wealth should have formed an association to protect their disproportionately poor countries against the rich countries they were benefiting. Until 1960 the price of oil bore no relationship to the profits derived by the oil consortia and this margin was further widened by the profits derived from refining. The problems that this Assembly must now study include, therefore, a complex series of economic situations involving not only oil and grains but also all raw materials and development.

289. As far as the immediate future is concerned we can draw some conclusions.

290. The international economy as a whole is undergoing a crisis, and the United Nations organs for international co-operation call for fundamental reform. A just balance must be established between the countries producing and those consuming raw materials, the prices for which must be calculated so as to raise the standard of living of the poorer peoples and not just to maintain that of the richer.

291. Other sources of energy must be developed so that after a few years, because of the intensive exploitation that follows inevitably on remunerative prices, the oil reserves will not be depleted.

292. A new orientation and new foundations must also be devised for international trade relations so that producer and consumer countries can make long-range projections and set up rational criteria for the supply of each commodity according to market needs.

293. The lack of flexibility in the supply of certain basic industrial commodities has widened the grain and cereal crisis of the last few years. For some developing countries whose industry depends on imports, it has become difficult to obtain such imports, and their economies have been threatened with paralysis. All these causes of upsets in the economy under crisis must be examined in order to pinpoint the transitory and the abiding causes. Thus, for example, there is a general increase in consumption, which, in the case of cereals, is not met, mainly because of the backwardness of the traditional forms of agriculture, whose growth rate has in the last 10 years been a bare 2.5 per cent for a population that grows at a much faster rate.

294. Yet it is not only the price stabilization machinery that is in crisis, but the whole international monetary system. The Bretton Woods Agreement no longer meets present needs. In this field, too, the circumstances surrounding the present financial situation have changed, and not even the wealthy defend the theory of rigid parities. It has become more obvious than ever that a solution must be found to the problem of international liquidity because of

the scarcity and high price of gold, which is why the so-called special drawing rights were devised as a new international currency that will have increasingly to be used by the countries of the third world in order to finance their development.

295. The existence of multinational corporations that operate in different countries and control the markets in various products has been a contributing factor of uncertainty for the developing countries and has led to all types of political and economic interventions of obvious gravity in these countries. For the moment, there is being set up a new division of the world, based on the needs of the wealthy and of the poor countries; but this separation is increased by the daily acts of economic groups and has led to agreements among the raw materials-producing countries which the rich countries have considered overly stringent but which are the result of the effectiveness of other economic groups.

296. There can be no gainsaying the need for a new international economic order prompted by the United Nations. But that target cannot be reached by overlooking the determination of the developing countries to liberate themselves, which is as important—and as political—as the decolonization of peoples. It is true that the principles for the creation of such a new international economic order have not been lacking; but many of them have remained on paper or have been shelved because of the selfishness of the wealthy countries, especially in all matters relating to the regulation of trade.

297. Latin America is no exception. Economic emancipation is, today, the common purpose of our countries, which have sought by various means to achieve the goals of regional and even subregional integration, such as the Andean Pact among six countries, including Colombia. We realize that the organization of economic spaces is an imperative of the moment, but also that within them, and drawing on our own resources and experience, we will have to endeavour to promote our industrialization. But these efforts do not eliminate but make more urgent the need for better conditions of co-operation and for studies of the realities of the terms of trade with other economic areas.

298. On the whole, the terms of trade in the last few years have been unfavourable to the third world, and more acutely so for Latin America. In fact, the regional balance of trade with the United States has been negative, and we are alarmed to note that the figures have risen from an average for the period 1961 to 1965 of \$265.5 million to \$861.3 million for the period 1966 to 1970 and to \$1,186.5 million for 1971. We are determined to correct this downtrend in our foreign trade, but it is imperative that the richer and industrialized countries, such as the United States, refrain from imposing on our manufactured and semi-manufactured goods and on our raw materials, taxes, super-taxes and tariffs that make such a correction impossible.

299. The basic tenet for multilateral trade negotiations of the next few years must be the preferential treatment for the developing countries. Latin America has emphasized this in talks with the United States and the other industrialized countries, bringing home to them the fact

that world trade cannot be liberalized without taking into account the different degrees of development. In resolution 82 (III) of the third session of UNCTAD,¹⁴ the Latin American countries and those of the third world set forth their criteria for the multinational negotiations that had started within the framework of GATT. Both at that time and earlier, at previous UNCTAD meetings, in 1964 at Geneva and in 1968 at New Delhi, the principle of non-discriminatory and non-reciprocal preferences for the developing countries had been accepted.

300. If this principle is not fully respected, the developing countries would see no point in the present multilateral trade negotiations, and would even consider them a retrogression if they denied what since 1961 has been the outline for the First United Nations Development Decade. At that time the need was noted to increase the trade of those countries, in both raw materials and manufactured and semi-manufactured goods, in order to ensure a rapid growth of their export income and remunerative prices for their exports. Furthermore, it was also agreed that the industrialized nations would gradually eliminate the tariff and other barriers that have had adverse effects on these nations.

301. Today's differences between the industrialized and the developing countries touch the fate of States that represent 80 per cent of the world's population and, in fact, determine the future of the United Nations and the destiny of mankind. The domestic imbalances of the developing countries must inevitably have international repercussions and hamper the creation of a new economic order. Colonialism, dependence, liberation, emancipation—these are words that resound across all the continents of under-development. The options, therefore, are clear: either a new international economic order is created, or economic injustice is maintained in the world. Either we arrive at a true international community, or we widen the differences between economic groups.

302. There can be no doubt that Colombia favours anything that tends towards the achievement of a united international community, and we are convinced that in these last hours of the twentieth century it is economic injustice and the speeding up of exchanges between the poor and rich countries that will be the best international programme of action.

303. The wretchedness of much of the population of the third world is still the most pressing of all the problems facing the United Nations. We cannot speak of peace while there exist hunger and drought; while illiteracy and disease are rampant in many countries. The building of a new world order must rest on these facts, as well as on the fact of the growing concentration of capital in the hands of vast multinational corporations, on the technological gap that increasingly separates the wealthy from the poor countries, and on the permanent subsistence of two zones in the world: one of riches and one of poverty, with no immediate hope of accomplishing a better distribution of income. International economic justice is still a distant ideal.

¹⁴ See *Proceedings of the United Nations Conference on Trade and Development, Third Session*, vol. I, *Report and Annexes* (United Nations publication, Sales No. E.73.II.D.4), annex I.A.

304. Mr. Robert McNamara, President of the World Bank, has stated that if we were to project present economic trends to the end of the twentieth century we should find the heart-rending result that, while the inhabitants of the developed countries would be enjoying a *per capita* income of more than \$8,000 per year, the peoples of the third world would be receiving an average of less than \$200 *per capita* and some 800 million persons less than \$100 per year. Confronting those facts stands the realization that collectively the industrialized nations have contributed only one half of the 0.7 per cent of their gross national product in the form of official development assistance. Thus year after year the promise of the first session of UNCTAD in 1964, setting 1 per cent of the gross national product as the contribution of the industrialized nations to these efforts, has still not been fulfilled.

305. There is therefore a crisis in international economic co-operation, which has been exacerbated and further complicated in recent years by other factors which call for rapid and immediate attention. Since the end of the Second World War, the constant postponement of an era of co-operation between the great industrial Powers and the developing countries—co-operation which began only in the 1960s with the First Development Decade—has left great gaps. It had been thought that the mobilization of domestic development efforts should go hand in hand with the co-operation of the great nations in order to make feasible the expansion of trade for the poor countries.

306. But more than 25 years have elapsed since the end of the Second World War, and we still lack an international trade organization. Nor has there been complete implementation of the oft-defined principles of assistance to the poor nations and non-discriminatory, non-reciprocal trade preferences. We travel danger-fraught curves. There are many signs of deficiency in the creation of economic opportunities for the industrialization of the developing countries, as there are of the general imbalance in the price of raw materials and industrial supplies. We are at a moment of crisis for the entire system of economic co-operation because of a refusal to consider the realities of the poorer nations.

307. In this connexion, it is indispensable to hold a new world economic conference to revise the organization of international trade. The conference should have as its goal an era of greater participation by the developing countries in economic expansion and technological progress. At least it is timely to affirm that while GATT negotiations succeed one another no industrialized wealthy nation should impose higher tariffs or levies on a developing country.

308. Colombia sincerely endorses the Mexican initiative on the Charter of the Economic Rights and Duties of States, for we cannot conceive of a just economic order unless the principles of equality of rights, respect for the free determination of peoples and the duty of all States to co-operate are codified and proclaimed by the United Nations. Only thus will we assure the weaker nations of equitable participation in world trade.

309. We can afford no mistake as to the course of history. Latin America and the peoples of the third world see more clearly than before that their foreign dependency is

economic, financial and technological, but by the same token they are more determined than ever that they shall achieve their full economic emancipation and that it shall be the result of domestic industrialization.

310. The imbalances stemming from the present international economic situation prove that the time has come for the great transformation and the moment of change.

311. There is a fundamental imbalance in the world which directly affects relations between wealthy and poor countries. The situation is not new. It goes far back in international relations and despite all the conferences and meetings that have been held since 1945 the great industrial countries have not wished to grant the developing countries the guarantees to which they are entitled in order to arrive at a just system of terms of trade.

312. On that point, the Algiers Economic Declaration¹⁵ indicates that the majority of mankind works to sustain the gross national product of a limited number of countries: 70 per cent of the world's population having 30 per cent of world-wide income.

313. The great industrialized countries must recognize that we have overcome the conditions of economic colonialism and that what is needed is a review of discarded concepts whereby the entire international economic order was to be built in order to maintain certain situations of privilege for some and poverty for others. That is what has created the crisis.

314. The peoples of the third world have reached a stage of solidarity rooted in the permanence of economic inequalities and the clamour to redress repressed injustices.

315. The order of peace will not be stable if the economic order remains unstable. Every day it becomes increasingly necessary to create new international relations which Latin America and the countries of the third world claim in three definite fields: international trade, monetary reform and transfer of technology. That is the programme for international action that Colombia recommends.

316. Mr. THORN (Luxembourg) (*interpretation from French*): President Boumediène's initiative in calling for a special session of the General Assembly has given a world dimension to the concerns which underlie what is now called the oil crisis. There is legitimate concern on the part of the oil-producing countries and, consequently, of all primary-producing countries to mobilize the resources of their territories in the service of economic development.

317. That is echoed by the equally legitimate concern of the industrialized countries to maintain their economic growth and the living standards of their populations. Hence today's debate, initiated this morning by President Boumediène. We are invited to undertake on the world level an awakening to, and joint common reflection on, the problem of raw materials and the problem of development. The gravity of recent events has shown, if that was necessary, that such an exercise had become essential, so true it is that no nation can hope to emerge unscathed by

¹⁵ See document A/9330 and Corr.1, p. 57.

itself. The last chance for a joint world-wide study has undoubtedly arrived. We must all bear in mind that if appropriate replies to these questions cannot be found in this Assembly—in other words, if an end is not put to what must be described as this dialogue of the deaf, which has already lasted too long for those who suffer most—we shall all experience economic disaster and human wretchedness on an unprecedented scale.

318. It is therefore impossible to over-emphasize the interdependency of all the nations here gathered. It would be vain and unrealistic for some to blame others for selling raw materials at prices too high, thus causing rises in the prices of manufactured goods, while conversely, that fact was invoked to intensify the rise in the cost of raw materials. Everyone loses in this game, in the first instance those who are destitute of everything. Everyone knows how numerous they are, and no one is unaware that they will react violently against playing the role which it is attempted to assign to them of spectator of their own tragedy.

319. Let us therefore break this vicious circle and in a constructive dialogue let us find clear and equitable responses to the great problems facing us.

320. In order to do this and for the reasons I have mentioned we must as soon as possible come to a consensus in regard to primary commodities.

321. We must first of all consider stabilizing at an equitable level the primary commodity prices, which provide the main export earnings of the developing countries, and ensure their growth. This stabilization cannot, however, be done all at once and must not be prohibitive to the point of preventing the industrialized countries from securing supplies on terms which will enable them to continue their economic progress. In this context, we must bear in mind the possibilities and risks of substitution which arise in regard to various primary commodities which in the medium or long term may gravely affect the exports of producer countries. They are too well known to need examples. Finally, we must react against a trend towards too great a disparity between the price index of processed products and the price index of primary commodities.

322. Furthermore, certain agricultural products of first importance, such as wheat, rice and sugar, have also undergone very steep price increases as have fertilizers, of which there is already a shortage which has been further exacerbated by the energy crisis, as Mr. Jobert has just reminded us. It is to be feared that the obvious progress made in the production of cereals over recent years, particularly in a number of developing countries, will be wiped out and that the result may be widespread famine.

323. Another aspect which is intimately bound up with the problem of prices is that of the guarantee of supply. A mutually acceptable and equitable solution in regard to prices necessarily means a reciprocal undertaking to ensure, according to availability, a supply of primary commodities and manufactured goods. While in the situation of glut which prevails in regard to certain manufactured goods one side of this undertaking seems to be of little importance. The situation would be far different if a shortage should arise, as it could at any moment, which would sorely try

international solidarity. I might add that there is considerable interest in price forecasting for tropical products and it is important to consider the possibility of establishing—as in a system of communicating jars—regulatory links between export earnings from these products and the aid to be granted to the countries supplying them.

324. The inflation which is already rampant in most of our countries is tending to increase still further, as my British colleague has stated, and this has the effect of worsening living standards, particularly for the poorest sectors of the population. The international economic disturbances caused by rapid price increases can lead to a decline in demand and a down-turn of business, since the importing countries will have to face growing balance-of-payments deficits.

325. Parenthetically, we should not overlook the possible advantages of market organizations for commodities subject to fluctuations which, either through a compensatory fund or through some appropriate machinery for maintaining stocks, should assure producers of a stable income from year to year.

326. Energetic and urgent action is necessary particularly for the least developed countries, as was emphasized by President Boumediène this morning, in order promptly to banish from the earth the greatest human poverty. At a time when we have sufficient means to provide satisfactory nourishment for all of mankind, it is appalling that in a number of regions there should be thousands, if not hundreds of thousands, dying of hunger.

327. The capital importance to all our countries of primary commodities must not, however, cause us to forget that all commodities cannot be the object of market organization. President Boumediène was surely aware of this when he proposed that the present session consider an equally vast and alarming problem, the development of the third world as a whole. Two essential elements of that situation are the scope of the growing disequilibrium between the industrialized countries on the one hand and the developing countries on the other and the nascent disparities between different countries belonging to this latter category. This is an objective fact and in no way a critical remark, particularly as regards this last point.

328. Having recognized these facts we must now seek ways of changing them.

329. One idea that comes to mind immediately is that of increased financial assistance from the developed countries, since the inequality of effort which now exists between the commitments of the various parties must be reduced until it disappears entirely. So long as the effort of the countries which now derive benefit from the export of primary commodities or that of the industrialized countries, whether East or West, continues unequal, the opponents of any increase in assistance to developing countries will not fail to make much of this argument in order to limit their efforts and their contributions. This seems to me of very great importance.

330. Furthermore, we must note that the aid systems which are now practised in an uncoordinated manner by

the developed countries, including the members of the European Economic Community, are not always as effective as they might be and are not likely to help the developing countries out of their difficult situation in the near future. A better harmonization or co-ordination is essential on the world level. My colleague, Walter Scheel, the Minister for Foreign Affairs of the Federal Republic of Germany, has already highlighted this aspect of the problem, when he spoke as President of the Council of the European Economic Community, so that I do not need to go into all the details.

331. Lastly, an important role in this regard also falls to the regional organizations of the developing countries. Does not economic history teach us that only the large and more or less well organized groupings have succeeded in breaking out of under-development and taking an active part in world trade, having equipped themselves with the industrial muscle that they were lacking. It should be possible to agree on such an exception to the most-favoured nation clause for a limited period of time, since agreement in principle was already accepted on 26 November 1971 in GATT.

332. There is no doubt that the heart of the entire problem is the dizzy increase in the price of petroleum, the global cost of which per year has risen in a relatively short time from \$20,000 million to \$100,000 million. Such an increase could obviously not take place without the gravest consequences in the economic, financial and even social fields.

333. Here as elsewhere, solidarity must come into play among all Governments and through them among all the peoples of this world. The rich of yesterday and today must be aware of the tragedy which is going on in certain parts of our planet, particularly in Asia, Latin America, the Caribbean and, lastly, in tropical Africa. According to most recent estimates, the net effect of international price

movements is reflected, for all these destitute countries, in a total increase in their burden of \$3,000 million for the year 1974 alone.

334. Since those countries are not able to count on a flow of capital from the petroleum-exporting countries and in view of their present level of indebtedness, which prevents their borrowing in order to lengthen the period of adjustment, I appeal from this rostrum to all those who have the resources to undertake, together, an emergency assistance effort. To this effect, the creation of a world fund of several thousands of millions of dollars, as was proposed by the Commission of the European communities, seems to me the appropriate way.

335. If granted to the countries which are most affected by the movements of international prices, these funds would be independent of the aid that the traditional donors are providing and have undertaken to continue providing.

336. On the other hand, it must be clear that such an initiative has little chances of success unless the participation of the primary producing countries—which, not being included among the traditional donors, have principally drawn profit from the rising prices of commodities—is assured. No matter where they are or what their political system, the assistance of all the world's nations seems to me today essential.

337. The PRESIDENT (*interpretation from Spanish*): I should like to recall that this morning I stated that I would propose this afternoon that the list of speakers in the general debate should be closed on Friday, 12 April, at 6 p.m. If there is no objection, it will be so decided.

It was so decided.

The meeting rose at 8.05 p.m.